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FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 1989

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

H.R. 4637

AN ACT MAKING APPROPRIATIONS FOR FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1989, AND FOR OTHER PURPOSES

PART 4 (Pages 1–543)

NONDEPARTMENTAL WITNESSES

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FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 1989

TUESDAY, JUNE 14, 1988

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9 a.m. in room S-128, the Capitol, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye and Lautenberg.

NONDEPARTMENTAL WITNESSES

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. The subcommittee will please come to order.

This morning the subcommittee will receive testimony from public witnesses on a broad range of topics covered in the foreign assistance bill. We will have to receive the full cooperation of all of you here this morning if we are to complete the hearings today.

Thirty-seven persons and organizations have requested an opportunity to testify. Therefore, we have requested that you limit your prepared statements to no more than 10 pages and limit your presentation this morning to no more than 10 minutes.

However, I want to assure one and all that the record of this hearing will be made available to every member of the Senate.

I thank all of you for making the effort to bring your views to the attention of the subcommittee.

We will begin this morning by hearing from Mr. William Jones, the Editor of the National Democratic Policy Committee.

NATIONAL DEMOCRATIC POLICY COMMITTEE

STATEMENT OF WILLIAM JONES, EDITOR, NATIONAL DEMOCRATIC POLICY COMMITTEE

LOCUST THREAT IN AFRICA

Mr. JONES. Thank you, Mr. Chairman, for the opportunity to testify before you today.

My subject of concern is the incredible devastation threatening the continent of Africa this year because of the swarms of locusts. Africa, which is heavily hit by the AIDS epidemic, which is now threatening to eradicate several nations there, and in general faced with conditions of starvation and near-starvation due to the lack of economic development, is now immediately threatened by a locust plague.

If measures are not immediately taken, it is estimated that this will lead to the death of some 500 million people. It is not a situation which can so easily be brushed aside, as many people have had a tendency to do, as simply a problem endemic to Africa.

As thou sowest, so shall thou reap, goes the Biblical injunction. And it is never more relevant than in the incident which was reported earlier this spring where African locusts made their way to Italy. Swarms of them were found dead on the beaches 10 miles south of Rome.

They succeeded in flying across the Mediterranean, although, due to abnormally cool conditions this year, they died on the beaches. Thus, fortunate weather conditions prevented the locusts from ravaging the harvest in the Mezzogiorno area of Italy and Sicily.

The implications are, however, particularly foreboding. This incident should underline the urgency of acting quickly to alleviate the situation in Africa in order to prevent an ecological holocaust which would undoubtedly return to plague us in the industrialized sector of the world.

ACTIONS REQUIRED TO REDUCE LOCUST THREAT

The technical means to eliminate the locust swarms lie well within our grasp. The development of new, more effective means to deal with the problem lie not far off if we have the political will to realize them.

The most immediate need is of course a widespread spraying program. The most effective insecticide for this purpose is Deeldran. But Deeldran is banned by the Environmental Protection Agency for use in the United States and is not allowed for use in Africa by the State Department.

Deeldran is the most effective insecticide since it remains in effect about 1 month in tropical conditions, somewhat longer in more temperate zones. If the spraying occurred while the locusts were in the hopper, rather than in the flying, stage, it would be more effective than Malathion or other common insecticides, which remain lethal only a few hours in a hot, moist climate.

If we used the larger DC–7's for the spraying, we could spray larger areas which are now insufficiently covered by using much smaller planes. There is at least one private company in the United States to my knowledge which has two of their four DC–7's already fueled and ready to fly to Africa immediately, but they have received no request from the State Department to do so.

ARGUMENTS AGAINST USE OF DEELDRAN

It might be well to mention the arguments against the use of Deeldran, which is forbidden by the Environmental Protection Agency and some of the countries of northern Europe.

Deeldran, as a very potent insecticide, kills obviously other insects than just locusts. It also remains effective for several months in temperate zones and about 1 month in tropical zones.

Because Deeldran is banned for use in the United States, it is frowned upon as part of our aid to Africa. But what might be damaging to the flora of the United States could be very effective in the deserts of Africa, where the locusts actually lay their eggs.

Localized Deeldran sprayings in areas where locusts have actually laid their eggs would be more effective than a more abundant and often repeated spraying with other, less potent insecticides of shorter duration.

Of course, a balanced program would in some way combine both-types of insecticide.

USE OF ELECTROMAGNETIC PULSED WAVES

A more effective means to deal with the locust problem lying already within our purview is the use of electromagnetic pulsed waves to kill locust swarms. At first glance, this may seem as if we are dealing with science fiction, but I assure you, Mr. Chairman, that the principle has already been sufficiently proven.

Grasshoppers with biophysical characteristics and dimensions resembling those of their cousins, the African locusts, were placed inside a head inactivator, that is a device which rapidly inactivates chemical processes going on in the brains of small research animals such as mice. There they were exposed to specially tuned pulses of radiation whose wavelengths were approximately the length of the insect.

Various combinations of power were tested, and the time period of the pulse varied between a short 50 milliseconds, to a long 500 milliseconds. The threshold for rapid kill was at 100 milliseconds, that is one-tenth of a second.

Temperature probes at the core of the dead grasshoppers revealed a temperature rise from 26 to 48 degrees Centigrade. Although, as there was uneven heating in various parts of the insect, the effect of the wave pulse was not to cook the insect, but rather the pulses coupled into the physiological frequencies of the grasshopper.

As the senior biophysicist on the project expressed it, this work demonstrates that if electromagnetic energy sufficient to cause a temperature rise to around 50 degrees Centigrade is applied to insects such as grasshoppers or locusts, irreversible damage resulting in death occurs.

In field situations, one could use a 100 kilowatt continuous wave capacity magnetron, pulsed at five to ten per second, and mounted on helicopters. This would have little or no effect on animals or people, since there would be no penetration through the skin, which is a very poor conductor at the frequency used against locusts.

A combination of the Deeldran spraying and the rapid development of such electromagnetic pulsed waves would allow us to eliminate the locust plague in Africa. A continent which is now dying would thus be given a chance to survive.

As the locusts on the Italian beaches should readily indicate, we can continue to ignore this problem only at our own peril.

Mr. Chairman, thank you for giving me the opportunity to testify before you.

[The prepared statement of Mr. Jones follows:]

National
Democratic
Policy
Committee

P.O. Box 17729 • Washington, D.C. 20041-0729

TESTIMONY TO THE

SENATE APPROPRIATIONS SUBCOMMITTEE ON

FOREIGN OPERATIONS

Submitted by the

NATIONAL DEMOCRATIC POLICY COMMITTEE

JUNE 14, 1988

Thank you, Mr. Chairman, for the opportunity to testify before you today.

The National Democratic Policy Committee consistently advances policy recommendations based upon the involiable principle of the sanctity of human life, and advances those policies of economic growth essential to the fulfillment of the exercise of the inalienable rights of man.

To our national disgrace, however, Malthusian policies of population control have predominated within advanced sector institutions and governments over the past twenty years. These policies are now culminating in ongoing genocide on a scale far worse than that committed by the Nazi regime of Adolph Hitler. The AIDS epidemic and the locust plague are condemning the entire continent of Africa, for example, to death. Not a finger is being raised to save the continent from this fate. The policy is to let Africa die.

The policies which can reverse this holocaust are straightforward. Prominent Europeans have proposed a new "Marshall Plan" for the Third World. The NDPC and others have proposed a series of "Great Projects" or major infrastructure building projects necessary to revive growth in several regions of the globe, and to simultaneously revive U.S. export markets. The NDPC has made several additional recommendations pertaining to necessary measures of financial reorganization to aid in this export boom. At the end of my statement I have also included a review by Warren Hammerman of a new technological means for dealing with such problems as the locust plagues. It indicates both the great promise of this new technology, as well as the utter lack of effort to scale it up to the necessary size. While the topic is specific, the lack of interest in developing it is symptomatic of a serious problem.

A NEW MARSHALL PLAN

Last year, French Agriculture Minister Francois Guillaume came to the U.S. and personally presented to President Reagan a proposal for a worldwide agricultural "Marshall Plan." The five points included:

1. International agriculture development aid can be financed by reorganizing the major agriculture markets and implementing a policy of "fair prices," which can guarantee export income for Third World Nations. The grain market is well suited to this because of its worldwide importance and the small number of exporters. Regulation should extend to vital products from developing countries, such as coffee or cacao.

2. The five exporting regions (USA, EEC, Canada, Australia and Argentina), having formed a kind of food "OPEC," must agree on a minimum selling price for their grain, and this price should be at least equal to the cost price of the most competitive country.

3. These sales at a fair price would free up the large additional financial means needed to meet the needs of developing countries. For example. a recent sale of grain to the Soviet Union from France, was agreed on at a price of 450 francs per ton, whereas the average cost price is around 1,250 francs per ton.

4. These plans could be implemented through a set Board of Governors who could arrange Enforcement Conventions with existing international agencies.

5. According to expert estimates, billions of dollars could be freed up annualy from this plan, which could be used for food relief, and also agriculture development operations, delivery of storage equipment, development of distribution systems, and technical training, etc.

President Reagan, and the U.S., have so far ignored these proposals. But is incumbent upon us to enter into discussion with the French and others on just such a plan.

A CREDIT MECHANISM FOR INCREASED EXPORTS

A key feature of the economic policy changes required for recovery are those credit mechanisms needed to expand U.S. exports and world trade.

At the point when it is recognized that we are already in another great depression, certain measures must be taken to keep the decline in paper values an orderly process, including the government entering into negotiations with foreign debtors to reschedule the repayments of principal amounts of the present debt potentially in default. At the same time, the Federal Reserve System must be turned, in effect, into the Third National Bank of the U.S., lending roughly $2 trillion of gold reserve denominated Treasury notes of new credit to farmers and industries, both to supply operating capital needed to produce exports, and to retool production for such output. U.S. exports would be expected to increase roughly $500 billion per year.

No U.S. currency would leave the U.S. We do not loan money to foreign nations; we deliver them goods on delayed payment terms. The money loaned is issued to the U.S. producers of such exports to carry them over the period until they are paid for the exported goods.

Those who object to issueing Third World countries new debts while old ones remain unpaid must realize how the debts of South America and elsewhere became such a problem. These countries did not buy something of value to incur these debts. These countries received nothing for as much as between 80 and

90 percent of the total debt they are carrying today. For example, out of about $108 billion of Brazil's foreign debt, about $20 billion represents value received.

We must ensure that the indebted nations do not incur a penny of new debt for anything but goods value imported. We are not going to loan them money, but rather, extend them a line of credit to purchase useful things on a shopping list of U.S. export goods. Supplying them with the capital goods needed to expand manufacturing and increase the productivity of their labor forces ensures the soundness of the credit extended.

Today our manufacturers can not compete with Japan's or West Germany's on the world market. The reason is simple. Beginning about 25 years ago, we slowed down our investment in new productive technologies for our basic industry. Our industries are using out of date technologies so that our labor force produces less physical output per hour than the Japanese or West German worker.

Japan has overtaken us in production technology and hourly productivity, because they have been investing in production capital goods, while we have not.

Also, the U.S. economy has the highest ratio of overhead of any major economy in the world today. Only about 20 percent of our labor force is employed in producing goods, while the rest are either unemployed, or employed in administration, sales, and poorly skilled services. Onto every pound of physical output of our farms and industries, we have to add on an overhead charge to pay for all that unemployment, etc. So, every dollar of sales price is loaded with about eighty cents of overhead charges.

Obsolete production methods, for lack of investment in energy intensive, capital intensive forms of technological progress, have, with the above cited reasons, priced U.S. goods out of the market.

Increased exports of high quality capital goods into the developing sector not only restores our balance of trade, but even more importantly, gives us the opportunity to restructure the internal U.S. economy away from the Post Industrial Society low grade service employment, into employment in the generally higher paying employment in the production of physical goods.

This approach can accomplish the following: 1) We can build up the economies of the developing nations so that they can carry debt payments at a sensible level. 2) We develop a constantly expanding market for U.S. export goods, creating millions of jobs here. 3) We rebuild and expand our goods producing industries, and bring them technologically up to date. 4) We restructure our labor force employment away from low skilled service sector jobs, back into skilled, higher paying industrial jobs. 5) We expand the tax revenue base of federal, state, and local government.

Wealth is quality physical goods. Our economy use to produce such goods. It can certainly do so again.

GREAT PROJECTS

This process of cranking up the level of production of physical goods worldwide, and U.S. exports in particular, would be greatly facilitated if we picked out from, say, each continent, two or three major infrastructure projects for special attention. Projects such as a second Panama Canal and a canal across the Kra isthmus of Thailand not only promote an economic development boom in those regions, but are vital to handle the significant increase in ocean going freight that would result from an increase in levels of world trade.

Africa, for example, requires the building of major rail lines, both east-west and north-south. A combination of Lake Chad and the Congo River lay the basis for a much needed fresh water management program.

While these policies offer the prospect of doing great good, even small programs that can do good get nowhere. I would like to include an article by NDPC national chairman Warren

Hammerman on the potential use of radio-frequency weapons to combat the locust plague in Africa which appeared in the Executive Intelligence Review journal. The fact that this promising technology has been ignored or suppressed should be a subject for investigation by this subcommittee. I would hope that you will do what you can to scale it up and put it to use.

After blocking a widespread spraying program for some years, the U.N. FAO now admits that at least $150 million per year will be needed for at least two to three years to bring this latest outbreak under control. Western interests have contributed only about $30 million to date. We are facing a new wave of famine as a result.

Electromagnetic pulsed waves can kill locust swarms
by Warren J. Hamerman.

Imagine that as a one-mile square swarm of tens of millions of locusts, reaching several thousands of feet in elevation, comes over the horizon foraging everything in sight, teams of helicopters equipped with low-cost electromagnetic radiation generators move into position. When the flying swarm is only three miles away--perhaps over a low-foliage desert or crossing a river--the magnetrons on the helicopters emit specially-tuned microwave pulses several times per second, which sweep out and destroy a square mile of locusts in approximately two to three minutes.

"Zapping'' flying locust swarms with pulsed radar is neither a dream nor science fiction but a scientific capability which has been proven feasible in the research laboratory, but which our government declined to scale up and develop last year and the year before. Research on the scientific frontiers of biophysics has discovered an effective and low-cost means to eliminate large swarms of locusts with pulses of electromagnetic radiation. The fundamental science underlying the work touches upon an advanced area variously known as "optical biophysics'' or "bioelectromagnetics'' and involves a multi-disciplinary integration of discoveries in biology, physics, chemistry, and geometry.

During the summer of 1986, various scientists who were participating in a series of scientific seminar discussions in the United States and Western Europe hosted by this journal and an associated scientific foundation (the Fusion Energy Foundation), began a project at the request of several African nations to pursue the feasibility of utilizing advanced scientific principles to knock out large swarms of locusts. By employing electromagnetic methods at the frontiers of biophysics, the international scientific team which participated in the project succeeded in conducting a "Proof of Principle'' experiment in a biophysics laboratory in the United States and working out a feasible approach for taking the method into the field.

The "proof of principle'' experiment demonstrated that electromagnetic pulsed waves could generate killing acoustical shockwaves in large swarms of locusts and other biological organisms.

We had great hopes and optimism that the successful laboratory results of a low-cost, pulsed electromagnetic system would be immediately scaled up and deployed in Africa. Therefore, with the aim of saving lives in Africa, throughout the fall of 1986, I and others associated with the project intensively "cross-fired'' the results to various government, scientific, and military policy circles. After further discussions, we decided to press the proposal in formal terms, since we were convinced that the advanced scientific approach would help to prevent a biological holocaust.

On behalf of those scientists involved in the project, during late 1986 and the first half of 1987 we circulated a proposal through every relevant policy agency in the U.S. government, from scientific laboratories to the White House and

Department of Agriculture to the Defense Advance Research Projects Agency (DARPA) and Defense Science Board (DSB). The proposal had wide circulation in private research universities, private industry and military research areas, as well as the cabinet departments of the government. It also was later reviewed at the highest scientific levels among other nations.

After initial universal scientific enthusiasm for the approach, encouragement and interest in the project was dashed and shut down by the U.S. government on budgetary grounds. During the course of the project, of course, it was apparent to certain agencies concerned with national security that the new physical principles employed could have applications beyond merely neutralizing vast locust swarms, and they initially seemed as excited as we.

Our focus, however, was not any military application, but immediately stopping the needless murder of hundreds of millions of Africans from the direct and indirect effects of the locust swarms. While there was much encouragement for our work, through the early months of 1987, the highest levels of policy determination abruptly turned off their interest and "disappeared'' in the spring of 1987.

We were shocked to discover that the highest levels of scientific policy assessment in our nation were excited about the work and its military applications, knew that it could stop the slaughter of millions of Africans, but were unwilling to back the relatively low costs of the final phase of the work, even though Africa desperately needed the technology.

It is still not too late to revive this project, which can save millions of African lives and help to prevent the onset of an irreversible "biological holocaust.''

- Scope of the project -

When it first became apparent that an uncontrolled locust problem of catastrophic proportions was developing, representatives of several African nations approached us to ask if there were any advanced scientific methods which could be utilized to eliminate vast locust swarms, even were the traditional opportunities of egg-spraying missed. A locust can eat two to three grams--two to three times its weight--each day. A one-mile square swarm of 150 million locusts, up to 5,000 feet in elevation, can go through 200 to 600 tons of vegetation daily. Once in the swarm stage, locusts can travel up to 3,000 miles per generation. They have a double set of wings, about 5 inches across, and they fly where the winds take them, averaging about 10 miles per hour. In one 1958 locust plague in Somalia alone, a swarm of 40 billion locusts ate 80,000 tons a day--enough corn to feed 400,000 people for one year!

Once locusts swarm, while they can still be attacked by chemicals, the advanced technology of bioelectromagnetics is faster, cheaper, and ecologically superior. Indeed, the advanced scientific principles of electromagnetics and biophysics were demonstrated to work beautifully in generating acoustical shockwaves in the organism.

The instrument used, a Japan Electric Company head inactivator, was intentionally "tuned'' to the magnetic mode at the locus of the insect. The instrument was intentionally constructed for basic neurochemical research to rapidly inactivate mouse brains in very short times so that rapid turnover intermediates of brain metabolism could be studied in anatomically specific regions of the brain. Scientists using the device in basic research have caused a quantum leap in our knowledge of the way in which signals are transmitted in the brain. The instrument was originally developed in a research laboratory in the United States, but further commercial development proceeded in Japan because of the refusal by U.S. corporations to participate. It is now the acknowledged technique for neurochemical preparations.

The unique feature of the design of the machine is neither its maximum power nor its "tunability,'' but the fact that it alters the ratio between the magnetic and electrical field strength. Normally the electrical to magnetic field strength is 377 to 1. In the experimental configuration it is much closer to 1 to 1. The magnetic field intensity creates special sorts of "eddy currents'' in the organism such that the energy is intensified or focused at certain points.

In a series of experiments, insects were exposed in the "head inactivator'' to specially "tuned'' pulses of radiation whose wavelengths were approximately the length of the bug. The experiments were conducted with Lubber Grasshoppers obtained from a biological supply house; the grasshoppers are of the necessary size and have the appropriate dielectric constant to simulate their close cousins, the African locusts.

In essence, the grasshoppers became receiving antennas which were tuned in on. Various combinations of power were tested and the time period of the pulse varied between a short 50 milliseconds to a long 500 milliseconds (half a second). Even at 50 milliseconds the bugs were woozy and "out of it.'' The threshold for rapid kill was at 100 milliseconds (one-tenth of a second). Temperature probes at the core of the dead bugs revealed a temperature rise from 26 to 48 degrees Centigrade.

- Non-thermal acoustical shockwaves -

It was firmly established that the effect was due to the pulsed nature of the wave and not merely "cooking'' or "heating.'' This principle was checked in a contrasting "control'' experiment. Insect "controls'' were put in a research microwave oven at 60 dgC which is the higher end of the pulse power. The oven reached 60 degrees in 10 minutes. It took one hour and 55 minutes to kill the insects this way. In the first 20 minutes the insects were hyperactive.

Thus, what was critical about the "proof of principle" experiment was the pulsed nature of the power delivered. As the microwave oven control demonstrated, the effect was non-thermal. The electromagnetic pulses coupled into the physiologic frequencies. Temperature probes indicated that there was uneven heating in various parts of the bug.

The insect's exoskeleton, a very strong insulator (dielectric), can be polarized back and forth through wave-mixing. The surface area soaks up energy like a sponge, which facilitates the uneven absorption of energy in several focal points under the exoskeleton.

In field situations, of course, one needs a means to deliver the electromagnetic pulses other than by the head inactivator. One could use a 100 kilowatt continuous wave capacity magnetron, pulsed at 5-10 per second and mounted on helicopters. At three miles distance, the focal area would be approximately 4-5 meters. The weight of the special apparatus in the helicopter would mostly be the power generator, which would be between one and two tons. The major cost for the generator scales linearly with the kilowatt output size. At approximately $1,000 per kilowatt, a 100 kilowatt device would cost only $100,000.

Several helicopters--positioned in phased array--could sweep out one square mile in approximately 2-3 minutes from a distance of 2-3 miles. If the source of radiation were non-polarized, the helicopters would have to hit the swarm head-on. However, with a circularly polarized source, the bugs wouldn't have to be linearly lined up with the helicopters only in a head-on firing position.

In the field situation, without control of the "wave guide'' field structure inside the head inactivator, the coupling efficiency into the insects will drop unless a very specific use of several transmitting antennae is employed to produced maximum magnetic fields inside the swarms to increase the coupling efficiency.

There would be little or no effect on animals or people, since there would be no penetration through the skin which is a poor conductor at the frequency used against the locusts.

- Steam generation inside the locust -

In the words of the senior biophysicist on the project: "This work demonstrates that if electromagnetic energy sufficient to cause a temperature rise to around 50 degrees C is applied to insects such as grasshoppers or locusts, irreversible damage resulting in death occurs. Energy absorbed is about 100 joules/gram in times less than a second. If this power is applied at a rate allowing cavitation--around 200 joules/gram in time less than 0.1 second, preferably in times approaching 0.1 msec or less--acoustic shockwave generation will occur and a nonlinear decrease in energy is required to produce death as a result (steam generation, if you will).''

In the "proof of principle'' experiment, such energies could not be applied because of the limitations on peak pulse power of the 10 KW magnetron used, and because of the relatively low coupling of applied power to the insect. The frequency used was not near the resonant frequency of the insect.

We have hypothesized that it is more than feasible to couple into biologic or physiologic frequencies. Future experimental work could determine the species-specific and tissue-specific resonances which are most efficient. While the power is absorbed on a total surface area, it may be concentrated on specific focal points in the biological organism.

CONCLUDING REMARKS

Senator INOUYE. Thank you very much, Mr. Jones. I can assure you, as our record will indicate, we are not only deeply concerned, but we will try to do our best.

Unfortunately, some of the warnings that our field representatives have provided were not heeded, as you may have noted. And as a result, I think irreparable damage has been done already.

I am just fearful that many thousands will die as a result of that. I will pass on your suggestion about the use of electromagnetic energy to the proper authorities.

Mr. JONES. Thank you very much.

Senator INOUYE. Thank you, sir.

U.S. COMMITTEE FOR UNITED NATIONS CHILDREN'S FUND

STATEMENT OF TERRY LIERMAN, VICE CHAIRMAN, WASHINGTON ADVISORY COUNCIL, UNITED STATES COMMITTEE FOR UNITED NATIONS CHILDREN'S FUND

CHILDREN'S PROGRAMS

Senator INOUYE. Our next witness is the vice chairman of the Washington Advisory Council, United States Committee for United Nations Children's Fund, Mr. Terry Lierman.

Hello, Terry. Good to have you with us.

Mr. LIERMAN. Mr. Chairman, it is an honor to be here. I have to tell you, in the 8 short years since I have left I have never appeared on this side of the table before. It is a different role, but it is an honor to be before you today.

The hat that I wear is the hat of a volunteer. I am the Vice Chairman of the Washington UNICEF Advisory Council, as well as the Vice Chairman of the Board of Children's Hospital here in the District.

Clearly, my concern as an individual citizen, as a volunteer, relates around children. Children I think are our hope and our future, and the deeds that we provide for them today I think will reap many benefits tomorrow.

It is frustrating in that there are so many resources necessary. We are in a situation where we are asking for more, like everyone else that appears before you today, and I apologize for that. But thank you for your patience.

First of all, Abe Pollin, the Chairman of the Washington Council, sends his greetings. Abe is out of town and could not make it today, so I extend to you his greetings, as well as Mr. Jim Grant, who is the Executive Director of UNICEF, and Bruce Perry, who is the President of the U.S. UNICEF Council that is housed in New York City.

AFRICAN DROUGHT FUNDS

Three years ago, Mr. Chairman, the Washington UNICEF Council embarked on a mission to save the lives of children in Africa because of the drought. Since that time, we have raised over $600,000, which in the context of this bill I guess really does not sound like a lot. But it is $600,000 that we have raised.

And really, in retrospect, we thank you for chairing the UNICEF Ball last year as well with Mr. Foley from the House side.

This $600,000 has saved 10,000 children's lives and we have developed 22 feeding and health centers in Uganda in the Karamoja region. That works out to 25 cents a day that we are spending on these children, Senator.

And in terms of what happens, it has been a remarkable achievement. The drought is gone in the area. We have drilled the wells. We have made the people self-sufficient, and we are able to move on to other projects.

NIGER PROJECT

As a result of that, we moved to Niger. Niger is a project that the Council has adopted, and that basically is the development of 15 nutritional centers.

What we try to do is select projects that can become self-sufficient: projects where we are not going to be there forever and ever, where we can go in and make a difference, develop some wells, develop some feeding programs, nutrition programs and health centers, and then leave and know that they're going to be in good hands when we leave.

But you have a child and I think you have probably said it more than once, but I will paraphrase it: All the king's horses and all the king's men are not going to help these children if we are not able to provide them an adequate health care.

WORLDWIDE IMMUNIZATION PROGRAM

What it boils down to is I am here today to talk to you about an immunization program globally for the world. UNICEF is directly reaching to over 119 of the developing countries in the world now. We have started a massive undertaking of trying to immunize children in every one of these countries, and over 90 of them have signed up so far.

It is a tragic situation that 38,000 children a day die in this world. It is frustrating, frankly. It is a situation where they are preventable diseases, they are preventable with immunization. We could take care of them.

The scale of UNICEF's child survival effort is really massive, and we have a goal of reaching by 1990 the immunization of over 80 percent of the children of the world.

In the United States, we have what is called the herd effect. If more than 80 percent of the children are immunized, then the odds of any other child getting the disease becomes very minimal.

We are simply trying to do that as well in the other parts of the world. An interesting fact that I was privy to learn was, if children are immunized and they live longer, the birth rate actually drops in the world, because parents do not have to plan for more children because they realize that three of their four children may die. They can plan on having the number of children that they want.

In a way, we are solving the problem and also saving the lives of the children for the future.

GOBI PROGRAM

UNICEF has started a program that they call—you cannot have a program in the world, I guess, without having an acronym. It is called GOBI. G represents growth monitoring of babies, O represents oral rehydration therapy, B represents breast feeding, and I represents immunization.

Mr. Chairman, the progress that this program has made has been absolutely tremendous. Two-thirds of the world's children are now receiving their first vaccine to DPT and 50 percent are completing the first course of their injections. 40 percent of the children have to be immunized and are being immunized against measles.

As a result, over 1,400,000 children a year are being saved, simply because of immunization, not to mention the small programs that UNICEF councils around the United States are developing to feed them once we are able to give them good health.

I mentioned the decline of the birth rate. I think that is a very important factor, because of the controversy that I certainly worked on when I was in Washington working on this committee. The birth rate situation, when there are fewer people that die at a young age, fewer children are born. Parents have an opportunity to plan.

If the momentum of UNICEF and the people around the world is to continue, almost 75 percent of the children have to receive DPT shots and 70 percent have to get measles injections by 1990.

If we can achieve that goal, we have really made a mark. We have saved the children and it gives us an opportunity to work into the future.

I think it is very important that in the recent conference in the Soviet Union, the President and Gorbachev made a statement that I would like your permission to include—it is only 3 pages long—into the record as it relates to UNICEF.

Senator INOUYE. Without objection.

[The material follows:]

JOINT STATEMENT BETWEEN THE UNITED STATES AND THE UNION OF SOVIET SOCIALIST REPUBLICS

ISSUED FOLLOWING MEETINGS IN MOSCOW, USSR MAY 29 - JUNE 1, 1988

In accordance with the understanding reached during the U.S.-Soviet summit meeting in Geneva in November 1985, and confirmed at the Washington summit in December 1987, Ronald W. Reagan, President of the United States of America, and Mikhail S. Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, met in Moscow May 29 - June 2, 1988.

Attending on the U.S. side were Secretary of State George P. Shultz; Secretary of Defense Frank C. Carlucci; Presidential Chief of Staff Howard H. Baker, Jr.; Assistant to the President for National Security Colin L. Powell; Ambassador at Large and Special Adviser to the President and the Secretary of State on Arms Control Matters, Paul H. Nitze; Special Adviser to the President and the Secretary of State on Arms Control Matters, Ambassador Edward L. Rowny; Ambassador of the U.S. to the USSR Jack F. Matlock; and Assistant Secretary of State for European and Canadian Affairs Rozanne L. Ridgway.

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Cultural and People-to-People Exchanges

Noting the expansion of exchanges in the areas of education, science, culture and sports under the General Exchanges Agreement, the two leaders welcomed the signing of a new implementing program for 1989-91 under the Agreement and expressed their intention to continue expansion of such exchanges. During the time in which this program is in force, the two sides, taking into consideration their mutual interest as well as financial and technical conditions, will conduct negotiations on the opening of culture/information centers in the U.S. and the USSR with the aim of signing an appropriate agreement on behalf of the governments of both countries.

They expressed satisfaction that, over the course of their dialogue, people-to-people contacts and exchanges between non-governmental organizations have significantly increased and become one of the most dynamic elements in the bilateral relationship. They reaffirmed their commitment to further growth of such exchanges, which contribute to mutual understanding, and welcomed plans for increased exchanges of young people in the future. In this context, they expressed their readiness to consider in practical terms the idea of further developing exchanges of high school students. They cited recent joint U.S.-Soviet initiatives on culture, theater and the cinema as examples of new opportunities to engage those involved in the creative arts.

Noting the rapidly growing sports ties between the two countries, including their national Olympic committees, the two leaders expressed their support for the International Olympic movement, which promotes international cooperation and understanding through athletic competition.

Other Cooperative Activities

The President and the General Secretary noted the successful expansion of scientific cooperation within the framework of bilateral agreements in Environmental Protection, Medical Science and Public Health, Artificial Heart Research and Development, Agriculture, and Studies of the World Ocean, and expressed their intention to continue to expand activities under these Agreements in areas of mutual benefit to the two sides.

The President and the General Secretary noted with pleasure the commencement of work on a conceptual design of an International Thermonuclear Experimental Reactor (ITER), under the auspices of the International Atomic Energy Agency, between scientists and experts from the United States, Soviet Union, European Atomic Energy Community, and Japan. The two leaders noted the significance of this next step toward the development of fusion power as a cheap, environmentally sound, and essentially inexhaustible energy source for the benefit of all mankind.

The President and the General Secretary welcomed agreement by representatives of the United States, Soviet Union, Canada and France, to institutionalize in the near future the COSPAS/SARSAT space-based, life-saving global search and rescue system.

Both leaders reaffirmed their support for the WHO/UNICEF goal of reducing the scale of preventable childhood death through the most effective methods of saving children. They urged other countries and the international community to intensify efforts to achieve this goal.

Global Climate and Environmental Change Initiative

The two leaders expressed their satisfaction with activities since the Washington summit in expanding cooperation with respect to global climate and environmental change, including in areas of mutual concern relating to environmental protection, such as protection and conservation of stratospheric ozone and a possible global warming trend. They emphasized their desire to make more active use of the unique opportunities afforded by the space programs of the two countries to conduct global monitoring of the environment and the ecology of the Earth's land, oceans and atmosphere. They underscored the need to continue to promote both bilateral and multilateral cooperation in this important area in the future.

WORLD'S CHILDREN REPORT

Mr. LIERMAN. Both leaders reaffirm their support for the WHO-UNICEF goal of reducing the scale of preventable childhood deaths through the most effective methods of saving children. They urge other countries and the international community to intensify efforts to achieve this goal.

In the state of the World's Children Report, of which I also have a summary that I would like to include in the record if you do not mind, Mr. Chairman, we find that one death in every three in the world is the death of a child under the age of five.

You are going to hear a lot of things from a lot of people today, but basically that says it all, I think. They do not have a chance to make it. They do not have a chance in developing countries to bring their countries in terms of what we would like to do and what we would like to have.

Mr. Chairman, in conclusion, I have had the opportunity to work with you for many years. Frankly, I feel like it is carrying coals to Seattle, as Senator Magnuson used to say, but the goals of children are very important.

BUDGET REQUEST

We are asking for $60 million for UNICEF this year. This is in response to the President's budget request, which is $32 million. The House has provided $54 million, which is the same as last year's level, and that was only $3 million over the 1987 level.

The $60 million is going to help us achieve our goal by the year 1990, the UNICEF goal of preventing disability and disease in children throughout the world, diseases which are preventable and diseases which can make a difference. Each vaccine costs $5 per child. It takes six major diseases away from the developing countries.

And the economic reasons, our mind can only guess as to what it saves. We are talking about prevention, and children are the hope that we talked about in the beginning here. I think we have to see to it that they have a future, and in reality the only future that they have is the hope and the security blanket that we provide them.

Thank you, Mr. Chairman, for your patience.

Senator INOUYE. Thank you.

It may please you to know that next week I will be recommending to the committee the amount of $60.4 million.

Mr. LIERMAN. Yo. Well, you are wonderful.

I think that not more can be said about your commitment. This is wonderful. Thank you for all the volunteers for UNICEF around the country and the children around the world that you are going to save.

Thank you.

Senator INOUYE. I appreciate that.

[The prepared statement of Mr. Lierman follows:]

United States Committee for
unicef
United Nations Children's Fund

STATEMENT BY TERRY LIERMAN
VICE-CHAIRMAN, WASHINGTON ADVISORY COUNCIL
UNITED STATES COMMITTEE FOR UNICEF

THANK YOU, MR. CHAIRMAN, for the opportunity to return to these familiar rooms to express my views before the Subcommittee on the progress of UNICEF, the United Nations Children's Fund. I appear before you this morning not in my usual occupation but as a volunteer representative of the many thousands of Americans who believe in the mission and good work of UNICEF and who give of their own time and funds to assist this work. As their messenger, and particularly the messenger of the Washington Area Council, I would like to say that these very special and giving Americans are most grateful for your support and for the support of the Subcommittee. We urge you and your colleagues to continue giving the U.S. Contribution to UNICEF the highest priority.

MR. CHAIRMAN, I bring with me this morning also the warmest regards of Abe Pollin, the Chairman of the Washington Advisory Council for UNICEF who is on an overseas trip. As you know, the Council was established under his leadership in 1984 and with the help of its members from the business, media, social, and political communities, it has raised close to $500,000 to support UNICEF-assisted projects in Uganda and Niger. I think a word about these projects demonstrates why UNICEF is so well regarded by the American people.

Several years ago, the Council contributed $230,000 toward an emergency nutrition program in the Karamoja region of Uganda which is providing dry rations to 10,000 children in 22 feeding and health centers. Members of our Council travelled to Uganda in 1985 to observe this program and were impressed with UNICEF's competence and efficiency. In this remote northeastern part of Uganda, UNICEF had established stability in what was an emergency situation and had incorporated long-term actions such as immunization and oral rehydration therapy with supplemental feeding.

In 1986 the Council adopted its second nutritional project in the Maradi region of Niger, where drought displaced tens of thousands of people and placed them in danger of severe malnutrition. UNICEF, with support from the Washington Council, established 15 nutritional rehabilitation centers. Four of these centers will serve as intensive feeding centers for severely malnourished children and all centers are providing children with food supplements. In accordance with UNICEF's general Child Survival strategy, the centers also serve as village pharmacies, growth-monitoring posts and training centers for over 400 village workers. This year the

Council hopes to raise the $90,000 needed to complete its pledge to this valuable program.

Mr. Chairman, simply stated UNICEF saves and improves millions of children's lives and, by extension, the lives of their parents. UNICEF is directly reaching children in 119 developing countries, many of which are of particular interest to the United States - El Salvador, the Phillipines, Lebanon, Pakistan, India, to name just a few. It is a massive undertaking. As the subcommittee is aware, almost 38,000 children die each day from preventable diseases and diarrheal dehydration. Therefore, the scale of UNICEF's Child Survival and Development Program, its outreach to the masses, the grassroots, is fundamental to the program's success.

Mr. Chairman, I think DELIVERY is the key to UNICEF's success. UNICEF can and does deliver lifesaving essential food, medicines and information to the people who need it, and often under exceptional circumstances as in the recent case of Lebanon. The child survival program is based on empowering parents, particularly mothers, to apply low-cost simple solutions to the key causes of child death in the developing world. UNICEF has made use of any and all communications vehicles available to deliver the basic elements of the Child Survival and Development Program that have become household terms throughout the world and have placed the well being of children high on national agendas. The acronym "GOBI" and its lifesaving lessons have become quite familiar to us all.

G represents Growth monitoring of babies which mothers can learn easily to identify undernutrition and other problems before they seriously endanger their babies' health. In the absence of advanced medical equipment, growth monitoring is a low-cost diagnostic tool that can be used by all parents.

O represents Oral rehydration therapy (ORT) which may be the most important medical breakthrough since the discovery of the polio vaccine. A simple 10 cent solution of salt, sugar, and water can reverse the deadly effects of diarrheal dehydration, the single greatest killer of children in the developing world.

As you know, UNICEF, the World Health Organization, and USAID have become principal players in a global effort including many private and governmental organizations to assure that ORT is available in virtually every community in the world.

B represents Breastfeeding which for all babies, but particularly for poor babies, ensures better nutrition, better hygiene, is less expensive than bottle feeding and "immunizes" infants against common infection.

I represents Immunization, the aim of UNICEF's immunization program is straightforward and simple--to reduce most infant and child deaths by immunizing children against the six vaccine preventable diseases: measles, tetanus, whooping cough, polio, diptheria, and tuberculosis. Mr. Chairman, tremendous progress has been achieved in this area and millions of lives have been saved. Two thirds of the world's children are now receiving a first dose of DPT vaccine and 50 percent are completing the full course of these injections. One half of the developing world's children are also being immunized against polio and almost 40 percent against measles. The result is the saving of approximately 1.4 million young lives each year.

Mr. Chairman, there is a crucial link between the saving of these lives and subsequent declines in birth rates which deserves special attention. A reduction in child deaths is generally followed by a reduction in population growth. The links between birth and death rates are many and complex. However, the bottom line is that there has never been a significant and sustained fall in child birth rates which has not been preceded by a significant and sustained fall in child death rates. One reason is that when parents become more confident that their children will survive, the tend to have only the number of children they actually want--rather that compensating for likely deaths by extra births.

If the momentum of UNICEF and its partners in the field can be maintained, then immunization coverage can reach almost 75 percent for DPT and almost 70 percent for measles in the developing world by 1990. Over 80 nations have re-committed their resources toward the Universal Child Immunization (UCI) by 1990 goal of 80 percent immunization coverage. An acceleration of the effort over the next three years, and the continued support of the Congress will ensure we reach this important goal.

MR.CHAIRMAN, I brought with me today an excellent example of the importance of this Child Survival momentum and would like to ask that it be inserted into the record. I am referring to a very special portion of the June 2nd Joint Statement released by the United States and the Soviet Union at the conclusion of the Reagan-Gorbachev Summit. It states:

> "Both leaders reaffirmed their support for the WHO/UNICEF goal of reducing the scale of preventable childhood deaths through the most effective methods of saving children. They urged other countries and the international community to intensify efforts to achieve this goal."

The superpower leaders' recognition and support of the UNICEF/WHO Child Survival initiatives is praise of the highest order. We thank the leaders for taking part in what UNICEF has termed "the Grand Alliance" for children. We are all aware that the U.S. Congress and the Subcommittee in particular played a key leadership role in the creation of the Child Survival Revolution. We urge the members of the Subcommittee to renew your membership in the Grand Alliance of governments, mass media, voluntary agencies, businesses, and the health sector to create a universal demand for those life-saving interventions which can bring about a revolution in Child Survival and Development and achieve the goals of Universal Child Immunization by 1990 and Health for All by the Year 2000.

MR. CHAIRMAN, the subject of clean, safe water deserves special comment and I know is of particular interest to the US Committee which has adopted a number of water projects. Many of the deaths that UNICEF and other organizations are seeking to prevent--particularly those related to ORT--are caused by water-borne diseases and lack of sanitation. UNICEF supports projects in this crucial area and continues to devote priority attention to them. Nevertheless, large areas of the developing world are still without access to safe water even for drinking purposes, and hundreds of millions of households do not have ready access to suitable water supplies. An even larger number of families--over half--do not have minimally satisfactory sanitation facilities.

Continued and expanded use of the GOBI interventions can cut in half by the year 2000 the number of children who die needlessly each year--14 million. We can help save 7 million lives per year and reduce birth rates as well! The US in its own history already witnessed the economic and social merits of immunization against polio and small pox. The World Health Organization reports that each dollar spent on such immunization saved 14 dollars in subsequent treatment and therapy.

Mr. Chairman, I would also like to submit a copy of the first chapter of the 1988 State of the World's Children report and ask that it be entered into the record. I find the very first sentence disturbing and yet compelling. "One death in every three in the world is the death of a child under the age of five."

Conclusion

In conclusion, Mr. Chairman, the U.S. Committee's volunteers are most grateful for the Congress's support of UNICEF and your own special interest and leadership with regard to the Children's Fund. We urge the subcommittee to recommend a modest increase in the contribution to UNICEF--to perhaps $60 million in recognition of the rapidly approaching UCI 1990 goal and of the work that is yet to be done. Thank you, I would be happy to answer your questions.

JOINT STATEMENT BETWEEN
THE UNITED STATES AND THE UNION OF SOVIET SOCIALIST REPUBLICS
ISSUED FOLLOWING MEETINGS IN MOSCOW, USSR
MAY 29 - JUNE 1, 1988

In accordance with the understanding reached during the U.S.-Soviet summit meeting in Geneva in November 1985, and confirmed at the Washington summit in December 1987, Ronald W. Reagan, President of the United States of America, and Mikhail S. Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, met in Moscow May 29 - June 2, 1988.

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The President and the General Secretary view the Moscow summit as an important step in the process of putting U.S.-Soviet relations on a more productive and sustainable basis. Their comprehensive and detailed discussions covered the full agenda of issues to which the two leaders agreed during their initial meeting in Geneva in November, 1985 -- an agenda encompassing arms control, human rights and humanitarian matters, settlement of regional conflicts, and bilateral relations. Serious differences remain on important issues; the frank dialogue which has developed between the two countries remains critical to surmounting these differences.

The talks took place in a constructive atmosphere which provided ample opportunity for candid exchange. As a result, the sides achieved a better understanding of each other's positions. The two leaders welcomed the progress achieved in various areas of U.S.-Soviet relations since their last meeting in Washington, notwithstanding the difficulty and complexity of the issues. They noted with satisfaction numerous concrete agreements which have been achieved, and expressed their determination to redouble efforts in the months ahead in areas where work remains to be done. They praised the creative and intensive efforts made by representatives of both sides in recent months to resolve outstanding differences.

Assessing the state of U.S.-Soviet relations, the President and the General Secretary underscored the historic importance of their meetings in Geneva, Reykjavik, Washington, and Moscow in laying the foundation for a realistic approach to the problems of strengthening stability and reducing the risk of conflict. They reaffirmed their solemn conviction that a nuclear war cannot be won and must never be fought, their determination to prevent any war between the United States and Soviet Union, whether nuclear or conventional, and their disavowal of any intention to achieve military superiority.

The two leaders are convinced that the expanding political dialogue they have established represents an increasingly effective means of resolving issues of mutual interest and concern. They do not minimize the real differences of history, tradition and ideology which will continue to characterize the US-Soviet relationship. But they believe that the dialogue will endure, because it is based on realism and focused on the achievement of concrete results. It can serve as a constructive basis for addressing not only the problems of the present, but of tomorrow and the next century. It is a process which the President and the General Secretary believe serves the best interests of the peoples of the United States and the Soviet Union, and can contribute to a more stable, more peaceful and safer world.

Cultural and People-to-People Exchanges

Noting the expansion of exchanges in the areas of education, science, culture and sports under the General Exchanges Agreement, the two leaders welcomed the signing of a new implementing program for 1989-91 under the Agreement and expressed their intention to continue expansion of such exchanges. During the time in which this program is in force, the two sides, taking into consideration their mutual interest as well as financial and technical conditions, will conduct negotiations on the opening of culture/information centers in the U.S. and the USSR with the aim of signing an appropriate agreement on behalf of the governments of both countries.

They expressed satisfaction that, over the course of their dialogue, people-to-people contacts and exchanges between non-governmental organizations have significantly increased and become one of the most dynamic elements in the bilateral relationship. They reaffirmed their commitment to further growth of such exchanges, which contribute to mutual understanding, and welcomed plans for increased exchanges of young people in the future. In this context, they expressed their readiness to consider in practical terms the idea of further developing exchanges of high school students. They cited recent joint U.S.-Soviet initiatives on culture, theater and the cinema as examples of new opportunities to engage those involved in the creative arts.

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THE STATE OF THE WORLD'S CHILDREN 1988

A Summary

The following is a summary of the State of the World's Children report for 1988, issued by the Executive Director of UNICEF, James P. Grant. For details of the full report, please see back cover.

One death in every three in the world is the death of a child under the age of five. And each week more than a quarter of a million young children still die, in the developing world, from infection and undernutrition. Yet in the 1980s, despite the difficult economic climate, the limited promotion of low-cost measures is already resulting in the saving of nearly 40,000 young lives each week. It has therefore been shown that it is now possible to prevent most child deaths and most child malnutrition by methods which any developing nation can afford to implement and which every industrialized nation can afford to support.*

These are the facts which tower over any consideration of the state of the world's children. And they are facts which have as much to say about the quality of children's lives as about the quantity of children's deaths. For infection and undernutrition also touch the lives of even larger numbers of children who live on with ill health and poor growth, unable today to develop to their full mental and physical potential, unable tomorrow to fully contribute to the families they will have or the communities in which they will live.

Amid all the many other difficulties facing the world's children, the questions of child survival and child development therefore remain paramount, not just because of the sheer scale and severity of the problem but because of the emergence, in our times, of dramatic low-cost possibilities for its solution.

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* Reducing under-five deaths would also help toward the further slowing down of population growth because families tend to have fewer children when they become more confident that their existing children will survive.

Those new possibilities arise from two converging processes:-

First, it is now known that the major threats to children's lives can be defeated, in large measure, by informing and supporting parents themselves in taking such inexpensive actions as getting their children immunized, using oral therapies for diarrhoeal disease, breast-feeding and applying new knowledge about weaning, recognizing the danger signs of acute respiratory infection, spacing births at least two years apart, enrolling for pre-natal care if possible, and practising the essentials of home hygiene. If applied, these techniques and this knowledge could drastically reduce – by at least 50% – the quiet carnage of a quarter of a million child deaths each week.

Second, a surge in communications capacity has made it possible, for the first time, to put that knowledge at the disposal of the great majority of the world's people. Sixty per cent of the developing world's adults can now read and write. Eighty per cent of its children now enrol in school. Radio reaches into a majority of its homes, television into a majority of its communities. Two million doctors, 6 million nurses, and many more millions of community health workers are now at work. And tens of thousands of non-governmental organizations, peasant co-operatives, labour unions, youth organizations, and women's movements, now add up to a depth of organized resources which could be the means of supporting the majority of families in using today's health knowledge.

Mobilizing this new capacity therefore represents a major opportunity for the advance of primary health care.

The knowledge road to health

A glance down the list of the major causes of child deaths and child malnutrition in the world of 1987 shows just how far the world's children could now travel down that 'knowledge road to health':-

○ *Diarrhoea* is the leading cause of child death. But approximately 70% of its 4 million victims a year could be saved if all parents were empowered to use the low-cost breakthrough known as oral rehydration therapy or ORT.[*]

○ More than 3 million children have been killed in the last twelve months by *measles, tetanus, and whooping cough*, and another 200,000 have been permanently disabled by *polio*. Yet the efforts of the last ten years have made immunization widely available and most of those children could have been saved by vaccinations costing approximately $5 per child. What is lacking is an equivalent effort to use today's communications capacity to inform parents everywhere of the urgent need for a full course of vaccinations during pregnancy and the first year of a child's life.

○ *Acute respiratory infections* have also killed 3 million under-fives this year. Most could have been saved by 50 cents' worth of antibiotics administered by a community health worker. And most parents could have sought out that low-cost help if they had known the danger signals – and if the medical establishment in more countries were willing to relinquish its exclusive right to the administration of antibiotics.

○ *Undernutrition* was a contributing cause in perhaps one third of all child deaths in the world last year. And although getting enough to eat is still the problem in some of the world's poorest communities, the major cause of malnutrition is not a shortage of food. It is a lack of basic services and a shortage of information about promoting the growth of the small child. Parents can protect their children's nutritional health by birth spacing, care in pregnancy, breast-feeding, appropriate weaning, immunization, preventing illness, special feeding during and after illness, and regularly checking their child's weight gain. And supporting parents in putting such knowledge into action can prevent most malnutrition in the world today.

○ A contributing factor in at least one quarter of all today's child deaths is the *timing of births*. Births which are 'too many or too close' to mothers who are either 'too young or too old' carry a very much higher risk for both mother and child. Using this knowledge, and today's low-cost means of timing births, is therefore one of the most powerful and least expensive of all levers for raising the level of child survival and development.

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[*] Oral rehydration therapy is the name given to a range of actions designed to prevent and treat dehydration, during episodes of diarrhoea, by giving a child fluids by mouth.

○ Similarly, more than half of all illness among children is associated with inadequate *hygiene*. Without safe water supply and sanitation, it is obviously very difficult to prevent contamination of food and water. But there are low-cost methods which can help to reduce the spread of germs. And all families have a right to know what those methods are.

In sum, most child *malnutrition*, as well as most child *deaths*, could now be prevented by parental actions which are almost universally affordable and based on knowledge which is already available. Informing and facilitating such parental action is therefore the major challenge of child health today.

A revolution beginning

Health promotion is therefore the great opportunity of our times. But it cannot be accomplished by the health services alone.

By and large, those health services cannot reach out far enough or often enough to bring about change in knowledge and behaviour on the necessary scale. Nor are they either staffed or trained for the task of empowering millions of people to protect their own and their families' health.

Therefore if the challenge is to be met, it will be met by a social movement rather than by a purely medical movement. And what is needed is a society-wide alliance of all those who can communicate with and support parents – health services and education systems, religious leaders and mass media, government services and voluntary agencies, business enterprises and labour unions, people's movements and professional associations.

Only such a 'Grand Alliance for Children' can create the informed public demand for, and practical knowledge of, the methods which could now bring about a revolution in child survival and development.

Today that Grand Alliance has begun to gather. And the child survival and development revolution is now under way.

During the 1980s, for example, immunization coverage, has extended its reach from less than 10% to approximately 50% of the developing world's children. As a result, vaccines are now saving the lives of approximately 1.4 million children each year. Similarly ORT, which was largely unknown outside the scientific community at the beginning of this decade, is now being used by approximately 20% of the world's families and preventing an estimated 600,000 dehydration deaths each year.

Taken together, immunization and ORT are therefore now saving the lives of approximately 2 million children each year. As the Secretary-General of the United Nations has said: "*a veritable child survival revolution has begun to spread across the world*".

Counter currents

Sadly, the 1980s have also seen counter-currents running against such progress for the world's children. The weight of wars and conflict in many parts of Africa, and of armed conflict in Central America and between Iraq and Iran, has fallen most heavily on the children of those regions. Less visible but just as tragic has been the economic recession which, in recent years, has eroded both family incomes and government services in so many nations of the developing world. The inset panels summarize the impact of that recession on children and outline UNICEF's own response – the call for 'adjustment with a human face'.

But paradoxically, that context of economic crisis provides a special opportunity to promote, on a massive scale, basic child health measures such as immunization and ORT, breast-feeding and birth spacing, better weaning and regular growth monitoring. For these are the very measures which can offer the most protection for the least cost to the largest number of children. Yet they are also the measures which can be can be afforded even in difficult economic times – *if* a nation's leaders make a clear political commitment to that goal and *if* a nation's organized resources form a grand alliance to achieve it.

That commitment to children is beginning to be made.

In 1987, for example, Central American heads of state made an unprecedented joint television appeal for the immunization of all children as part of a new programme to halve child death rates in the region. In Asia, the seven heads of state of the South Asian Association for Regional Co-operation (SAARC) have jointly stated that "*children should be given the highest priority in national development planning*". Similarly, African heads of state meeting in Addis Ababa have declared 1988 a "*year for the protection, survival, and development of the African child*" and urged all African nations to achieve universal immunization by 1990 as a step toward primary health care.

Growing support is also coming from several industrialized nations. The government of *Italy* has allocated over $130 million to assist 35 nations in reaching the target of universal immunization by 1990. The *United States* Congress has allocated over $150 million to a special Child Survival Fund – including approximately $90 million for the promotion of immunization and ORT. The governments of *Canada* and *Sweden*, with widespread public support, have also allocated $100 million and $50 million respectively to help accelerate the spread of immunization coverage across the developing world. The governments of *Norway* and *Finland* have also significantly increased their financial commitments in support of UNICEF's own child survival efforts.

One non-governmental organization – Rotary International – was among the first to make a major commitment to this cause and is now drawing close to its target of raising $120 million for polio vaccination programmes world-wide.

Nationally, also, an increasing number of countries are mobilizing to achieve the target of halving their 1980 level of child deaths within the next few years.

As previous editions of the *State of the World's Children* have documented, nations such as Colombia and Turkey, Syria and Senegal, Pakistan and India, Brazil and Bolivia, Egypt and Ecuador, Thailand and Bangladesh, have saved literally millions of young lives during the 1980s by doubling or trebling immunization coverage, by making ORT available to parents, by promoting breast-feeding, and by monitoring child growth.

In each of these examples, the rapid spread of basic health knowledge and low-cost techniques has been made possible by mobilizing a new alliance of social resources for health. Some examples:-

Educators

In *Turkey*, 200,000 teachers helped organize the nation's vaccination campaign and are now being trained in today's basic child health knowledge. In *Thailand*, the standard school curriculum now puts similar lessons before 6.3 million children. In *Ecuador* this year, 34,000 teachers and 150,000 secondary-school students have been given a week's training in child health. And to graduate from secondary school in *Colombia* today, students not only have to know about basic child protection methods, they also have to spend 30 hours in community service to put that knowledge at the disposal of families.

Religious leaders

In *Colombia*, Catholic priests in more than 2,000 parishes have preached the need for immunization. In *Turkey*, the nation's 54,000 imams have reached almost all parents with immunization messages. In *Sri Lanka*, Buddhist priests are bringing child survival messages to thousands of villages. In *Indonesia*, Islamic texts are reinforcing the effort to promote breast-feeding, improved child feeding, and growth monitoring. In *Latin America*, priests are using pre-marital and pre-baptism counselling sessions to inform couples about new methods of child protection.

The mass media

In *Syria* and in *Egypt*, national television personalities have brought the message about immunization and ORT into millions of homes. In *Brazil*, $6 million in air time has helped to promote information about breast-feeding to virtually every urban family. In *Turkey*, child health messages are now a permanent feature on national radio and television. In *Mexico*, soap operas or *telenovelas* such as the

Acompañame series have won wide acclaim for integrating family planning and child health messages into their daily dramas. In *Pakistan*, prime-time television pictures of children suffering from vaccine-preventable diseases have helped to significantly increase Karachi's immunization coverage.

Voluntary agencies

Major international non-governmental organizations have also been in the vanguard of this movement. Since 1984, the Red Cross and Red Crescent Societies, with a global network of 230 million members, have been working under the slogan of 'Child alive' to put today's knowledge about oral rehydration therapy and diarrhoeal disease control at the disposal of millions of parents. Similarly, the Scout and Guide movement, with 25 million members in over 150 countries, has launched a '*Help children grow*' programme by which Scouts and Guides both learn and teach the techniques of ORT and the importance of immunization, breast-feeding, and growth monitoring.

In brief, the alliance now beginning to coalesce behind the cause of promoting today's basic child protection methods is a practical example of one of primary health care's most fundamental tenets – that health is the responsibility not just of the medical profession but of society as a whole. It is also a practical application of the slogan chosen by the World Health Organization for its fortieth anniversary year in 1988 – 'Health for All – All for Health'.

Knowledge and poverty

In many communities today, the power of the informed individual to take more control over family health is a power often circumscribed by poverty, dimmed by lack of education, frustrated by the unequal status of women, muddied by the propaganda of commercial vested interests, and limited by the availability of such basic physical prerequisites as clean water, safe sanitation, and adequate housing.

That is why the empowering of individuals to provide for their own health can never be a substitute for government action to provide basic community services, guarantee a fair return for a family's labour, enact land reforms, and build up the vital infrastructure of primary health care. Nor should the encouragement of individual responsibility for health be allowed to detract from the international community's responsibility for helping to end the poverty and injustice which remain the fundamental cause of most illness and premature death in the world today.

There is no conflict here, no 'either/or' between the struggle to change the economic and social status quo and the struggle to improve human well-being within the status quo. Both are always necessary. No-one would seek to deny that poverty is a major cause of malnutrition and ill health among the world's children and that fundamental social and economic change is necessary to end that poverty. But neither does the analysis of the socio-economic causes of ill health detract for one minute from the right of all families to today's scientific information which could help them to protect the lives and health of their children by methods they can act on *now* and at a cost they can afford *today*.

Universal immunization by 1990

So far, the main testing grounds of this Grand Alliance for Children have been the attempts to put immunization and oral rehydration at the disposal of all families.

There are those who have argued that this focus is too narrow and that ORT and vaccines have been over-emphasized in UNICEF's advocacy over recent years. But when the world has at its disposal two of the least expensive and most effective public health techniques of all time, techniques which are capable of defeating *both* of the greatest threats to the lives and the normal growth of the world's children, then it surely makes sense to give them the highest priority until that job is done. And if we cannot mobilize the will to put these most basic elements of child protection into action for the sake of saving the lives of up to 7 million children each year – at a cost which is negligible for such a cause – then what chance do we realistically have of making significant progress against the plethora of other, often more difficult, problems which face the world's children?

Through the United Nations, the world has set the target of immunizing the great majority of children against six main diseases by 1990.* And with whatever tenacity and single-mindedness is necessary, that target must be achieved. The annual benefit is the saving of over 3 million lives. The annual cost is less than the price of ten advanced fighter planes. And if any further argument is necessary, the creation of a universal system for immunization will be essential to the delivery of new vaccines - for example against malaria and AIDS - which may well be developed over the course of the next decade.

In the mid-1980s, immunization has gathered a new momentum. For the last two years, the proportion of the developing world's children covered by DPT vaccine has increased by 7 percentage points a year. Against measles, the average increase has been 8 percentage points a year. Assuming that this average rate of increase is maintained in each nation over the three years between the end of 1987 and the end of 1990, the overall picture will be that 70% or more of the developing world's children will be immunized against diseases which less than a decade ago were killing four to five million children a year.

In other words, if the efforts of recent years can be sustained and accelerated, there is now every chance of achieving one of the most important goals which the world community has ever set for itself.

Present trends also suggest that approximately 30 individual nations will fall short of the 1990 target unless a supreme effort is mounted before the end of the decade. But trends are not inevitabilities. And all nations *could* still achieve and sustain the 1990 target. The Director of WHO's Expanded Programme on Immunization, has repeatedly emphasized that "*no committed country with a realistic EPI plan of operations needs to be constrained by a lack of vaccines, cold-chain equipment, or supplies*". The main problem is therefore not finding the vaccines or the syringes or the refrigerators. It is finding the political commitment, finding the management and organizational skills, and finding the ways and means to inform all parents that all pregnant women need to be vaccinated against tetanus and that all children need a *full course* of vaccines before the age of one.

In theory, vaccination is 'available' now to the great majority. But clinics can be far away, transport can be erratic and expensive, queues can be long, vaccination times can be uncertain. Other members of the family may say it's not worth it, parents may not know that several vaccinations are necessary and that the timing is important, the child may not be well, and the work in the fields, especially at harvest time, may beckon with more urgency. Unless the reasons for overcoming all these obstacles are made abundantly clear, and unless the times and places of vaccination can be made more convenient, turn-out rates will continue to be low and drop-out rates will continue to be high.

Immunization is therefore a permanent communications challenge. And there is still a long way to go.

But, in the last two years, the strategy of mobilizing an alliance of all possible organized resources has shown that it can achieve remarkable results even in the face of previous pessimism and present economic problems:-

○ *Syria* has more than doubled its immunization coverage between the beginning of 1985 and the end of 1986, so saving more than 5,000 young lives each year. That achievement would not have been possible without the health services. But neither would it have been possible without the commitment of the nation's political leaders, mass media, and tens of thousands of schoolteachers, religious leaders, and campaign volunteers.

○ *Senegal*, one of the thirty poorest countries in the world, with 30,000 vaccine-preventable deaths each year, has lifted its immunization levels from less than 10% in 1985 to approximately 70% by mid-1987. Every possible channel of communication - including the radio, the neighbourhood chiefs, the mosques, the women's and youth organizations, the sports clubs, and the traditional *griots* - helped carry the immunization message into every home in the nation.

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* No nation has ever achieved 100% immunization coverage. Developing countries are therefore setting their own targets with 80% being considered the minimum acceptable level.

○ *Turkey* has more than trebled its immunization coverage since 1985 in an effort which has already saved the lives of more than 20,000 Turkish children. Almost every possible organized resource in Turkish society played its part, including the mass media, over 50,000 Islamic leaders, and over 200,000 schoolteachers.

In each of these cases, dramatic achievement has been made possible by a national political leadership which has publicly committed itself to universal immunization and called upon the whole nation to participate in achieving it.

That same political commitment, that same social response, is the *sine qua non* of every successful effort to put today's health knowledge at the disposal of the majority. With that commitment, apparently insuperable difficulties can be and have been overcome. Every year for the last three years, the civil war in El Salvador has been stopped for three 'days of tranquillity' so that the nation's children could be immunized. And in September 1987, the city of Beirut also saw the first of three planned 'days of tranquillity' as leaders on all sides co-operated to allow the city's children to be vaccinated.

Oral rehydration therapy

Social mobilization is also now beginning to put the breakthrough known as oral rehydration therapy (ORT) at the disposal of many millions of parents. Diarrhoeal dehydration is responsible for no less than one quarter of the more than 250,000 child deaths each week. Yet it can now be prevented by a therapy which is so simple that all parents can use it, so inexpensive that all families can afford it, and so effective that it is rapidly becoming a treatment of choice in the most advanced hospitals of the industrialized world.

The health services alone cannot empower a nation's parents with ORT. In most countries, the majority of doctors have themselves not been trained in its use. Retraining health professionals, at all levels, to use and to teach oral therapy, is therefore a necessary but not a sufficient condition for its spread. And in the countries now seriously attempting to put ORT at the disposal of all parents, it is an alliance between the health services and a wide range of new resources for health, including the schools, mass media, religious leaders, other government services, and non-governmental organizations, which is demonstrating that this *can* be done.

In *Egypt*, for example, tens of thousands of medical personnel at all levels have been trained to show parents how to use ORT and the message has been reinforced with massive television and radio coverage. The result, according to the chairman of the Egyptian Physicians Association, is that child deaths from diarrhoeal dehydration, which used to exceed 100,000 a year, have been "*approximately cut in half by the ORT effort*".

Similarly, in *Honduras*, social marketing and mass-media efforts to promote ORT appear to have reduced diarrhoeal deaths in some areas of the country by approximately 50%. *Algeria* is also now on course for achieving its own target of making ORT available to every household before the end of 1988. *Ecuador* and *Peru*, despite severe economic problems, are now making nation-wide attempts to put ORT at the disposal of every family. And in *Bangladesh*, one non-governmental organization has now organized almost 9 million home visits to teach the ORT technique to the nation's mothers.

It is not nearly enough. Progress is far too slow. Three million children should not still be dying each year from the dehydration which any parent can prevent at a cost which any parent can afford. Yet the WHO targets to be achieved by 1989 (50% of parents using ORT, and 1.5 million children's lives being saved by it) are not going to be met unless there is a sudden acceleration of the world-wide effort to promote the ORT message over the next two years.

The involvement of large numbers of people and a wide variety of organizations in the promotion of immunization and ORT has also shown that it can be a 'thin end of the wedge' for primary health care itself. Social mobilization has shown that it can put child health onto the political agenda. It has shown that it can boost health services by giving them the lead role in a major national achievement. It has demonstrated a strategy which can now be used against other health and development problems. It has shown that it can help to create a more informed demand among communities for basic services. And it has shown that it can help people themselves to gain a little more confidence in their own ability to participate in improving their own lives.

Political will

In sum, it is not only the knowledge to improve family health that is now available. The social resources to put that knowledge at the disposal of the majority are also in place. And as the 1980s draw to a close, there is no greater cause in which to march.

For it can no longer be considered acceptable, in a world which has any pretensions to civilization, that so many millions of children should be dying, and that so many millions more should be stunted and blinded and brain-damaged, because the world has neglected to fully inform and support their families in today's practical and affordable ways of protecting children's lives and growth.

Usually, it is the political commitment of a nation's leadership which can mobilize a whole society, procure the necessary resources, co-ordinate supply and demand, and put the weight of permanent government services behind a sustained national effort. Although there are outstanding examples of such commitment, it must be said that the political will to act on behalf of the poor and the vulnerable is not always evident.

This lack is not exclusively the fault of politicians. And it is becoming increasingly clear that political commitment *can* be elicited, in varying degrees, if humanitarian appeals are framed in such a way as to also make financial and political sense. Experts in health and other fields of social development need to shape and simplify their expertise into plans which are practical and affordable, with obvious starting-points and attainable objectives, and to present those plans in such a way as to capture the imagination of both politicians and public. To realize the present potential, nation-wide action for children can be, and must be seen to be, *good politics*.

The weakness, indeed sometimes the lack, of commitment among ruling elites to the well-being of the majority has been and still is a major obstacle to development in many nations. And the struggle for leadership in the interests of the poor majority is and should be a permanent feature of the development process. But all improvement cannot wait upon political utopia.

The public role

In both developing and industrialized nations, members of the public can also play a part by supporting the many voluntary agencies which are now involved in the struggle to realize today's potential for saving the lives and protecting the growth of children. But there is also a broader role, in all industrialized nations, for an informed public questioning of government policies on aid and trade and debts. The inset panels describe how present economic policies threaten both past progress and present potential for advances in child health. To ward off that threat, there is a need for steady public pressure to ensure that all countries now making genuine efforts to protect the living standards of the poorest families are helped rather than hindered in that struggle by the international community.

That support may sometimes take a form which seems a long way removed from the subject of child health. It may mean support for debt relief and restructuring, or for increases in real aid and a renewal of loans, or for restrictions on arms sales and a lifting of trade barriers against manufactured goods. But these are matters of legitimate concern for UNICEF and all who wish to see an end to unnecessary suffering among the world's young children. For in its day-to-day work, UNICEF sees too often how short a step it can be from a balance-of-payments crisis to a shortage of essential drugs, from a rise in oil prices to a mobile vaccination unit without fuel, from a debt falling due to a clinic being closed, from the withdrawal of a food subsidy to the stunting of a child.

Reaching the poorest

Even with the political will to do what can now be done, the knowledge road to health still has many pitfalls.

The wide variety of communications channels already discussed will not easily reach those who are illiterate and unemployed, those who do not own a television or a radio, those whose children do not go to school and whose social status effectively prevents their participation in many of the organizations through which they might be reached. And even if this problem of outreach can be solved, by using all possible ingenuity and every possible channel, there remains the less tangible problem of the poor self-image, the lack of confidence in change, the sense of powerlessness, which is born of long years of poverty and oppression.

These two problems are further compounded by the fact that it is also the very poorest who face the greatest practical and external difficulties in putting new knowledge into action. Those who are not educated cannot easily read reminders about the time and place of immunization. Those who live without water supply or sanitation do not find it easy to keep dirt and flies away from homes and food and water. Those who must work all day in fields or factories cannot always breast-feed an infant or provide freshly cooked food four or five times a day for a young child.

Success in reaching the poorest – both with information and with practical and on-the-spot support in using it – is made much more likely with the support of one great resource which has not so far been discussed – the community health worker.

With approximately three months' training, a community health worker can give advice and help with birth spacing and pre-natal care, safe delivery and breast-feeding, disease prevention and immunization services, oral rehydration therapy and coping with diarrhoeal disease, basic home hygiene and adequate feeding, knowing what to do about acute respiratory infections and malaria, distributing vitamin A capsules and iron or iodine supplements, and helping with the regular growth monitoring of young children. In other words, a local health worker can help to root today's basic child health care knowledge in a community.

If that health worker is also a part of the community and its culture, then he or she is likely to know how best to adapt and communicate health information. That knowledge is vital. The poor are not empty vessels into which information can simply be poured. They have their own knowledge and their own beliefs about sickness, and that knowledge is often inseparable from the cultural and economic life of the community. Sensitive, respectful and effective communication is one of the most needed but most neglected of skills in development and the most important part of the community health worker's task.

The cost of training such a person – and people with little formal education have been taught to give this kind of support with great success – can be less than one fiftieth of the cost of training and equipping a fully qualified doctor. It is therefore not inconceivable that, within the next few years, every village and neighbourhood could be served by such a health worker. Some nations are already nearing that goal. And this growing army of community health workers could become the force for *health promotion* which has often been lacking in the make-up of health services to date.

But community health workers cannot work in a vacuum. And the more the infrastructure of primary health care is strengthened to support such workers, the more successful and durable will be the effort to put today's vital child health information at the disposal of all parents.

The strengthening of primary health care structures, at all levels, is therefore a crucial test of a nation's political commitment to the health of the majority.

But in concluding this report, it must be said that the other crucial test of that commitment is the support which is given to its most important health workers of all – the nation's mothers.

Support for women

In practice, it will usually be the mother who will decide such matters as whether to breast-feed and for how long, when to introduce other foods and how to prepare them, whether to add oil to gruel or give fluids when the child has diarrhoea, whether to take a child to be immunized or to regularly check its growth.

The realization of today's potential therefore comes down to a thousand small, everyday, almost unnoticed actions by many millions of mothers in poor communities throughout the world. A significant improvement in the state of the world's children therefore depends most of all on the state of the world's mothers – on their physical health and mental well-being, on their time and their energy, on their access to information and income, on their status and their morale.

It is therefore the mothers who will normally be the focus of the information and support which a society can summon – from husbands and families, from neighbours and communities, from health workers and clinics, from the media and the schools, from employers and labour unions, from religious and community leaders, from government services and development planners, and, not least, from the international community.

At the moment, that support is often weak or non-existent. And the everyday hardship and discrimination which women face – in food, in education, in health care, in work, and in rewards – is today the single most important barrier to the improvement of their own and their children's health. That is why the greatest communications challenge, for the wide range of aims and social resources discussed in this year's report, is the challenge of promoting the idea that society must give more support to its women, that their knowledge and skills should be afforded more recognition, and that men should also share more fully in the task of protecting the lives and the normal physical, mental and emotional growth of their children.

Conclusions

In conclusion, the essentials of the present opportunity should not be lost in the discussion of its many complexities. The handful of major threats to the lives and growth of the world's children could now be defeated, in large measure, by the emergence of a body of scientific information which almost all experts are agreed upon, which almost all parents can act upon, and which all governments could afford to facilitate even in the difficult economic times of the late twentieth century. At the same time, it has also become clear that putting this information at the disposal of all parents, and supporting them in using it, can only be achieved if a Grand Alliance of all possible social resources is mobilized to do it.

Five years ago, UNICEF said that if this 'social breakthrough' could be added to the 'knowledge breakthroughs' which were already available, then it would be possible to drastically reduce child deaths and child malnutrition throughout the world over the next decade.

The world is well started on the way to realizing this extraordinary potential. Basic low-cost measures such as ORT and immunization are already saving the lives of approximately 5,000 young children each day. But protecting the lives and the normal physical and mental growth of many millions of the world's children will remain a priority task for the remainder of this century. And both the failures and the successes to date have shown that the crucial element, if we are to succeed in this task, is the participation of all possible resources in a Grand Alliance for Children.

All can therefore share in that task. All can play a part in the great gain for humanity which could now be made. All can now help to take this step towards a more genuinely civilized world.

The full text of the 1988 *State of the World's Children* report is available from all UNICEF offices or by writing to the Division of Information and Public Affairs, UNICEF House, 3 UN Plaza, New York, NY 10017, USA. The report is also published by Oxford University Press.

The recession: adjustment with a human face

With commodity prices at their lowest for thirty years, debt servicing claiming up to 25% of the third world's revenues, a steep drop in bank lending, and stagnation in overseas aid, the rate of per capita economic growth has been negative or negligible for two thirds of the developing nations throughout the 1980s. In particular, three quarters of the countries in Africa and Latin America have seen their average incomes fall by 10% to 15% in this decade.

To try to get their economies moving again, while reducing balance-of-payments deficits, honouring debt repayments, and reducing inflation, more than 70 governments have adopted economic 'adjustment policies'. Often, such policies have involved cut-backs in government expenditure on social services and subsidies for staple foods.

Since 1983, UNICEF has been gleaning evidence of the impact on the developing world's children. The results show a measurable deterioration in at least thirty nations.

This year, in a sample of ten countries selected by UNICEF for more detailed study, malnutrition was found to have risen in five, child death rates had risen in three, and school attendance was falling in eight.

In general, the ones who have suffered most are the young children of poor communities. They are the ones whose families have least scope for making economies and have had to cut back on necessities. And they are the ones who are most dependent on the government services and subsidies which have been cut back.

It cannot be stressed too often that a young child cannot just 'ride out' such periods of austerity. Ninety per cent of the growth of a human brain and much of the growth of the human body is completed in the first five years of life. A child who has to go without adequate food or health care in these years will not grow to his or her physical or mental potential. There is no second chance.

Such a process cannot be justified on any grounds. Sacrificing the growth of today's children for the growth of tomorrow's economy makes neither economic sense nor human sense.

Practical alternatives are spelt out in a special UNICEF report published in 1987 under the title *Adjustment with a human face.** At their core is the idea that policies should seek to improve the productivity and incomes of the poor, and that subsidies and services which form part of the fabric of survival should be reinforced rather than discarded.

Even if a government has to make spending cuts, there is a choice about exactly where those cuts should be made. In defence or in health? In subsidies to national airlines serving the richest 2% or to national food programmes serving the poorest 20%? And even if health and education do have to take their share of the financial strain, there remains a choice about whether to cut the budgets of universities or primary schools, city hospitals or rural clinics, cardiac research or immunization programmes.

Here, the issue of adjustment policy joins hands with the main theme of the *State of the World's Children* report. For 'adjustment with a human face' means that the maximum protection for the vulnerable has to be squeezed from every dollar available. And the major opportunities for that now lie in mobilizing to support parents in applying

panel continued over page

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* *Adjustment with a human face*, edited by Giovanni Cornia, Richard Jolly, and Frances Stewart, is published in English in two volumes by Oxford University Press.

The recession: adjustment with a human face (cont.)

today's knowledge about such basic health actions as immunization, oral rehydration therapy, birth spacing, breast-feeding, safe weaning, growth monitoring, control of respiratory infections, safe motherhood, and basic hygiene.

These are the major battlegrounds of child health. And these are the areas where action is possible at such low cost that it can be afforded by almost any nation and by almost any family even in such difficult economic times.

Some countries are attempting to pioneer this response to recession. *Indonesia*, faced with the need to cut spending as a result of falling oil revenues, has cut its hospital investment costs by 75% but increased spending on the *posyandus* which are providing immunization and family planning services, and assisting parents with oral rehydration therapy and growth monitoring, in over 47,000 villages. *India* is also restraining hospital expenditure while stepping up programmes to provide immunization and other vital low-cost services to the majority. And in *Algeria*, where cuts have been made in every ministry except the Ministry of Health, hospital spending has also been held back while the nation attempts to put oral rehydration therapy, immunization, and clean water at the disposal of every family in the nation.

But as the UNICEF report points out, "*for some countries, national action alone cannot be sufficient, even with the most heroic political and economic efforts*".

When all the calculations are done, taking into account aid and loans, interest and amortization payments, investments and returns, the bottom line is that the developing world transferred over $30 billion to the industrialized world in 1985. That is a dramatic about-face. In 1980, the net transfer was over $40 billion from the rich to the poor. And all this has been happening at a time when world prices for primary products, on which most developing nations are still so heavily dependent, are at their lowest levels of modern times.

This financial famine has to be ended if growth is to be restored. And it has to be ended quickly if the most vulnerable groups, and especially their children, are not to suffer in the meantime. It will mean that many debts will have to be written off or restructured. It will mean that levels of real aid and concessionary loans will have to rise again. And it will mean that private commercial lending at reasonable interest rates will have to be resumed. In the longer term, restoring growth will depend, most of all, on an expanding world economy.

Finally, if the principle of protecting the most vulnerable is to be taken seriously, then it must be a process which can be measured. There could be no more important test for any government than whether or not it is protecting the nation's vulnerable and whether or not it is protecting the nation's future – and its children are both.

Today, the indicators for measuring the performance of that duty – the quarterly measurement of, for example, changes in child nutrition or immunization coverage – are not even in place. Indeed we know far more about changes in the weather or in viewing figures for television shows than we do about changes in the nutritional health of the under-fives.

UNICEF is now cooperating with governments and other UN agencies to find ways and means of more sensitively monitoring the nutritional health of a nation's children so that, as with national economic indicators, up-to-date quarterly figures can be produced for politicians, press, and public.

Commission for Lebanon of the Diocese of St. Maron

STATEMENT OF CHOR-BISHOP SEELY BEGGIANI, CHAIRMAN, COMMISSION FOR LEBANON OF THE DIOCESE OF SAINT MARON

DESCRIPTION OF CHOR-BISHOP

Senator Inouye. Our next witness is Chor-Bishop Seely Beggiani, Chairman of the Commission for Lebanon of the Diocese of Saint Maron.

May I inquire, what is a Chor-Bishop?

Chor-Bishop Beggiani. I am asked that question about 10 times a week. The Maronite diocese is an Eastern Catholic diocese, and we have different ranks of bishops and monsignors than the Latin Church does. A chor-bishop has some powers of a bishop, but not quite all of them.

So I am sort of in a twilight zone. But it is a rank that is used because of our small size and gives us some powers to carry out some of our pastoral duties.

Senator Inouye. Well, do I address you as chor-bishop or bishop?

Chor-Bishop Beggiani. Chor-Bishop is fine. Whatever you want to do, Senator, is fine with me.

I admire you very much as a great American.

Senator Inouye. Thank you, sir.

SUPPORT FOR LEBANON

Chor-Bishop Beggiani. Mr. Chairman and members of the committee, I come before you as a representative of the Diocese of Saint Maron. My diocese has jurisdiction over American Maronite Catholics living in all 50 States. Most of our people are of Lebanese descent. They are involved American citizens and also deeply concerned for the survival and future of Lebanon.

Because it is the country of origin for so many of their parents and grandparents, they are especially aware of the issues at stake in the future of Lebanon.

I am here today to urge your serious consideration of tangible economic support for the country of Lebanon. The United States has been historically a friend and supporter of Lebanon.

During the past 13 years of conflict in Lebanon, the consistent policy of the United States has been a clear advocacy of the freedom, independence, sovereignty, and territorial integrity of Lebanon. However, it is important that our words be backed up with deeds.

There is no doubt that, despite its many intractable problems, Lebanon and its future are of strategic importance to American interests. This importance is seen in the recent diplomatic activity in Lebanon initiated by high-ranking officials of the State Department.

The central government and the people of Lebanon would be greatly bolstered by a visible gesture of support from the United States.

BUDGET REQUEST

Last year, the Senate-House Conference Committee earmarked up to $5 million for Lebanon. The administration interpreted the phrase "up to" as giving it total leeway and disbursed zero dollars to Lebanon.

Thus, the clear will of Congress was thwarted. The present administration request is for $300,000 in economic support funds. This is clearly insufficient. A more positive gesture is necessary.

Therefore, we would recommend—we would request an additional appropriation of not less than $3 million. In fact, an expenditure of $5 million would be well spent in supporting the central government of Lebanon, for the following reasons.

Lebanon remains today one of two democracies in the Middle East. Despite 13 years of turmoil and upheaval, there is only one legitimate government in Lebanon. The president, cabinet, parliament, and all other organs of government have been chosen according to Lebanon's democratic constitution.

Even in the present climate of conflict and fragmentation, no militia or partisan group claims to speak for the Lebanese nation. All serious proposals for reform are directed toward legal and constitutional change. Both Lebanon's friends and enemies recognize its legitimate status.

Therefore, it is in the interest of the United States to support materially Lebanon's central government and ensure its legal and democratic character.

WITHDRAWAL OF FOREIGN TROOPS FROM LEBANESE SOIL

There are many and various causes and circumstances that account for Lebanon's present sorry state. Therefore, it would be the height of naivete to propose simple solutions. However, there seems to be a consensus about one position, namely that Lebanon's situation would improve radically with the orderly withdrawal of all foreign forces from its territory.

We are aware of the original reasons given for the presence of these armies on Lebanese soil. However, we believe that Lebanon's national army is now significantly stronger and able to fulfill the roles that these foreign forces once appropriated to themselves.

The presence of foreign forces has led to assassinations and the intimidation of national and political leaders. Foreign pressures have brought the government to a standstill.

Foreign interference and maliciousness are a major cause of the economic crisis presently gripping the country. We make these assertions while readily admitting that Lebanon's leaders and people must also bear a heavy responsibility for their present condition.

Therefore, continued American arming and training of the Lebanese army will eventually reap worthwhile results in stabilizing the country of Lebanon and in securing its borders.

ELECTIONS IN LEBANON

The Republic of Lebanon this year faces a critical juncture. The term of the current president will end in September and, according to the constitution, the Lebanese parliament should elect a successor this summer. Any attempt to prevent this election or to rig its results would be a serious blow to Lebanon's democracy and perhaps to its survival.

Needless to say, there are elements both within and outside of Lebanon who would favor this result. It is incumbent on democratic countries to take effective measures to preserve Lebanon's democratic processes. The United States can do this by putting its full support behind a free and scheduled presidential election for Lebanon.

In recent months, there have been several proposals for reform and power sharing presented from both within and outside Lebanon. The serious discussion of these issues is a positive sign in itself.

However, Lebanon's future as a democracy can be guaranteed only by constitutional laws and institutions that will protect the fundamental rights of all religions, ethnic groups, and minorities.

The key to Lebanon's future as a democracy and a nation is not whether it should have a confessional or secular system of government or whether its president is Christian or Moslem. The only viable solution for Lebanon is one in which each citizen is guaranteed freedom of religion, expression, education, opportunity, and mobility.

Such a bill of rights, actually put into practice, is rare in the Middle East.

ECONOMIC AND HUMAN PLIGHT OF LEBANON

Finally, we would also like to bring Lebanon's economic and human plight to your attention. The years of political and social turmoil are now exacting a financial price. In the past 4 years, Lebanon's currency has gone from a rate of 8 lira to the U.S. dollar to as high as 450, and 370 at the present time.

The middle class is in danger of being wiped out. The minimum family monthly income has the buying power of 20 U.S. dollars at present, which would rise only to $40 with the most optimistic pay increases being proposed.

This in a country in which the majority of basic goods are imported. Prices of pharmaceutical products, for example, have become prohibitive.

This recent economic calamity is in addition to the vast tragedy that has struck Lebanon during the past 13 years. I will not read the statistics, Mr. Chairman, but I would appreciate it if you put them in the record.

Senator INOUYE. Without objection.

HUMANITARIAN AID FROM UNITED STATES

Chor-Bishop BEGGIANI. We are grateful for the humanitarian aid that has been sent by American government and private agencies to Lebanon. However, as the above numbers indicate, massive help is needed if the Lebanese people are to survive and rebuild their nation.

Our diocese is engaged in an ongoing fund-raising effort to bring some relief to the displaced.

After 13 years of war, death, suffering, and economic distress, the Lebanese people still desire to live as a free and democratic nation. The United States in the past has been most generous toward Lebanon, even including the sacrifice of lives of its own young men. Today the Lebanese people are looking for tangible signs of assistance of a relatively small amount.

It would be in the highest traditions of the American people to respond to their plea for help.

Thank you, Mr. Chairman.

[The prepared statement of Chor-Bishop Beggiani follows:]

Testimony by

Chor-Bishop Seely Beggiani, Chairman
Commission for Lebanon
Diocese of St. Maron -- U.S.A.

Mr. Chairman, Members of the Committee, I come before you as a representative of the Diocese of St. Maron--U.S.A. Our diocese has jurisdiction over American Maronite Catholics living in all fifty states. Most of our people are of Lebanese descent. They are involved American citizens who are also deeply concerned for the survival and future of Lebanon. Because it is the country of origin for so many of their parents and grandparents, they are especially aware of the issues at stake in the future of Lebanon.

I am here today to urge your serious consideration of tangible, economic support for the country of Lebanon. The United States has been historically a friend and supporter of Lebanon. During the past thirteen years of conflict in Lebanon, the consistent policy of the United States has been a clear advocacy of the freedom, independence, sovereignty and territorial integrity of Lebanon. However, it is important that our words be backed up with deeds.

There is no doubt that despite its many intractable problems, Lebanon and its future are of strategic importance to American interests. This importance is seen in the recent diplomatic activity in Lebanon initiated by high ranking officials of our State Department.

The central government and the people of Lebanon would be greatly bolstered by a visible gesture of support from the United States. Last year the Senate-House Conference Committee earmarked "up to five million dollars" for Lebanon.

The Administration interpreted the phrase "up to" as giving it total leeway and disbursed "zero" dollars to Lebanon. Thus the clear will of Congress was thwarted.

The present Administration request is for $300,000.00 in Economic Support Funds. This is clearly insufficient. A more positive gesture is necessary. Therefore, we would request an additional appropriation of not less than three million dollars.

In fact, an expenditure of five million dollars would be well spent in supporting the central government of Lebanon for the following reasons. Lebanon remains today one of two democracies in the Middle East. Despite thirteen years of turmoil and upheaval, there is only one legitimate government in Lebanon. The president, cabinet, parliament and all other organs of government have been chosen according to Lebanon's democratic constitution.

Even in the present climate of conflict and fragmentation, no militia or partisan group claims to speak for the Lebanese nation. All serious proposals for reform are directed toward legal and constitutional change. Both Lebanon's friends and enemies recognize its legitimate status.

Therefore, it is in the interest of the United States to support materially Lebanon's central government and insure its legal and democratic character.

There are many and various causes and circumstances that account for Lebanon's present sorry state. Therefore, it would be the height of naivete to propose simple solutions. However, there seems to be consensus about one position, namely, that Lebanon's situation would improve radically with the orderly withdrawal of all foreign forces from its territory. We are aware of the original reasons given for the presence of these armies on Lebanese soil. However, we believe that Lebanon's national army is now significantly stronger and able to fulfill the roles that these foreign forces once appropriated to themselves.

The presence of foreign forces has led to assassinations and the intimidation of national and political leaders. Foreign pressures have brought the government to a standstill. Foreign interference and maliciousness are a major cause of the economic crisis presently gripping the country. We make these assertions while readily admitting that Lebanon's leaders and people must also bear heavy responsibility for their present condition.

Therefore, continued American arming and training of the Lebanese army will eventually reap worthwhile results in stabilizing the country of Lebanon and in securing its borders.

The Republic of Lebanon this year faces a critical juncture. The term of the current president will end in September, and according to the Constitution the Lebanese parliament should elect a successor this summer. Any attempt to prevent this election or to "rig" its results would be a serious blow to Lebanon's democracy and perhaps to its survival. Needless to say, there are elements both within and outside of Lebanon who would favor this result. It is incumbent on democratic countries to take effective measures to preserve Lebanon's democratic processes. The United States can do this by putting its full support behind a free and scheduled presidential election for Lebanon.

In recent months, there have been several proposals for reform and power sharing presented from both within and outside Lebanon. The serious discussion of these issues is a positive sign in itself. However, Lebanon's future as a democracy can be guaranteed only by constitutional laws and institutions that will protect the fundamental rights of all religions, ethnic groups and minorities.

The key to Lebanon's future as a democracy and a nation is not whether it should have a confessional or secular system of government nor whether its president is Christian or Moslem. The only viable solution for Lebanon is one in which each citizen is guaranteed freedom of religion, expression, education, opportunity and mobility. Such a "bill of rights," actually put into practice, is rare in the Middle East.

Finally, we would also like to bring Lebanon's economic and human plight to your attention. The years of political and social turmoil are now exacting a financial price. In the last four years, Lebanon's currency has gone from a rate of eight lira to the U.S. dollar to as high as 450, and to 370 at the present time. The middle class is in danger of being wiped out. The minimum family monthly income has the buying power of twenty U.S. dollars at present which would rise only to forty dollars with the most optimistic pay increases being proposed--this in a country in which the majority of basic goods are imported. Prices of pharmaceutical products, for example, have become prohibitive.

This recent economic calamity is in addition to the vast tragedy that has struck Lebanon during the past thirteen years. Our Catholic Information Center in Lebanon provides the following statistics as of 1986 regarding this country of three-million citizens with the land size of Connecticut: 167,000 killed, 720,000 wounded, 9,100 handicapped, 17,000 missing, and 14,000 kidnapped of whom 10,000 were murdered. 1,250,000 have been displaced. Three cities have been destroyed, 100 villages have been ransacked and destroyed, and 87,000 homes have been destroyed. The fighting has resulted in 13,000 businesses and numerous hotels ruined as well as 750 factories destroyed.

More than 100,000 displaced families are in dire need. The cost of bread alone can absorb more than half their monthly income. Hundreds of thousands of children are ill fed.

We are grateful for the humanitarian aid that has been sent by American governmental and private agencies to Lebanon. However, as the above numbers indicate, massive help is needed if the Lebanese people are to survive and rebuild their nation. Our diocese is engaged in an ongoing fund-raising effort to bring some relief to the displaced.

After thirteen years of war, death, suffering and economic distress, the Lebanese people still desire to live as a free and democratic nation. The United States in the past has been most generous toward Lebanon, even including the sacrifice of the lives of its own young men. Today the Lebanese people are looking for tangible signs of assistance of a relatively small amount. It would be in the highest traditions of the American people to respond to their plea for help.

AMERICAN UNIVERSITY IN BEIRUT

Senator INOUYE. It may please you to know that I will be recommending to the committee the amount of $5 million.

Chor-Bishop BEGGIANI. I appreciate that very much, Mr. Chairman.

Senator INOUYE. We have another problem that is most vexing. As you may know, we have supported the American University in Beirut for many, many years, and at the present time, because of the unfortunate turmoil in Lebanon, teachers have been intimidated, some have been kidnapped, and as a result many have been forced to leave.

At times we have received reports that outside forces have taken over the administration of that place, and we somehow feel that education as intended is not being provided there.

Some of us have suggested that temporarily this institution be transferred, so that it would operate either in Egypt or in Cyprus. Do you have any views on that?

Chor-Bishop BEGGIANI. Yes, Mr. Chairman. I studied in Lebanon myself some years ago and I am in very close contact with much of the Lebanese people, Christian and Moslem.

I do not think here in the United States we realize how much the vast majority of the Lebanese appreciate an American presence in Lebanon. Even after all that has happened, it is one of the great signs of hope for them.

I think that, with all of the risks involved—and certainly I think the Americans and others who teach at the university still would like to be there. I know the tragedies that have occurred, but I believe a physical American presence in Lebanon, especially in the realm of education and culture, which really has affected a great part of the Middle East, I think that kind of presence is crucial to our own interest, let alone to the morale of the Lebanese people.

And I mentioned something last year when I was here, and that is that even our enemies in the Middle East at least understand where we are coming from, because they have been exposed to American culture and ideas. And I think it is essential that we keep those lines of communication open for the American University and all the other universities in Lebanon.

Senator INOUYE. I thank you very much.

AMERICAN HELLENIC INSTITUTE

STATEMENT OF DR. DEAN LOMIS, CHAIRMAN, AMERICAN HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE, INC.

FOREIGN AID TO GREECE, TURKEY, AND CYPRUS

Senator INOUYE. Our next witness is Dr. Dean Lomis, Chairman of the American Hellenic Institute Public Affairs Committee.

Mr. LOMIS. Good morning, Mr. Chairman. It is a good drive from Delaware this morning.

Mr. Chairman, thank you for the opportunity to appear before the subcommittee today on behalf of the American Hellenic Institute Public Affairs Committee to present our views concerning foreign aid appropriations legislation for fiscal year 1989 affecting Greece, Turkey, and Cyprus.

We oppose the administration recommendation for Turkey as contrary to the national security and foreign policy interests of the United States in the eastern Mediterranean. This year, as we face serious cuts in domestic and military spending because of the concerted effort to balance our Nation's budget and to reduce our Federal deficit, we recommend in support of the rule of law and U.S. national security interests that:

One, all aid to Turkey, military and economic, be conditioned upon an agreed Cyprus settlement based on majority rule with full minority rights guaranteed and the removal of all Turkish occupation troops and colonists from Cyprus;

And number two, a reduction in aid to Turkey so that parity in both amount and type of aid is established between Greece and Turkey.

Because of the unwarranted invasion and continuing illegal occupation of 37 percent of Cyprus by at least 35,000 Turkish troops, equipped with American weaponry provided to Turkey for defensive purposes only, the presence in Cyrpus of over 60,000 Turkish colonists, Turkey's continuing violations of international law, and Turkey's military modernization and illegal buildup on Cyprus, AHIPAC recommends the imposition of several specific conditions precedent on all military and economic aid to Turkey.

I have enumerated these conditions for your reading pleasure and I will pass over them in order to bring other points at this time.

Senator INOUYE. I would like to assure all witnesses that their full text will be made a part of the record.

Mr. LOMIS. Thank you, sir.

ONE-TO-ONE AID RATIO BETWEEN GREECE AND TURKEY

We also urge the subcommittee to consider a 1-to-1 ratio as the appropriate aid ratio between Greece and Turkey in order to further deter potential aggression by Turkey against Greece's Aegean Islands and potential further aggression by Turkey in Cyprus.

Pending the 1-to-1 ratio, we support the continuation of the 7-to-10 aid ratio regarding Greece and Turkey as being in the best interests of the United States concerning our national security and foreign policy interests in the eastern Mediterranean.

We are also in favor of the administration request which stipulates that all foreign military sales aid be allocated on the basis of forgiven loans as equivalent to grant aid. Although the House did not include this specific administration request in its recently passed foreign aid bill, we strongly believe that the subcommittee should adopt the proposal as serving the best interests of the United States in the eastern Mediterranean region.

AHIPAC supports the House bill's continuation of the 7-to-10 ratio regarding foreign aid allocation, but only, as has been stated above, pending the outcome of the serious consideration of 1 to 1 as the official allocation regarding the aid between Greece and Turkey.

We also recommend the continuation by the subcommittee of the House-passed version of the bill, which states that the 7-to-10 ratio will apply regarding the dispersal of surplus military equipment allocated by the United States to both Greece and Turkey.

HUMANITARIAN AID TO CYPRUS

We also recommend the continuation of $15 million in humanitarian aid to the Republic of Cyprus as serving the best interests of the United States for a very strong ally in our region, at least as long as the Turkish occupation forces remain in Cyprus.

We also recommend that no part of these funds be used or earmarked for the Turkish Cypriots until they revoke their illegal action of November 15, 1983, the so-called unilateral declaration of independence, and their further illegal actions in requiring passports to be stamped.

I would like to go over to what I have on page 10 momentarily.

On April 25 of this year, the foreign ministers of the European Economic Community meeting in Luxembourg recited unanimously that Turkey's relationship with the European Community must be linked to progress concerning the Cyprus issue, as well as the human rights situation inside Turkey.

This position was stated in a joint text submitted to the Turkish delegation during the scheduled meeting of the Turkish EC Association. In response, the Turkish delegation decided to abstain from the meeting, which was intended to discuss, inter alia, the implementation of the fourth financial protocol, for which Turkey would receive some $725 million in EC funding.

We strongly urge that this subcommittee support the European Economic Community by deferring any aid to Turkey above and beyond what we recommend in order to support and influence Turkey toward a settlement in Cyprus.

I would like to say a few words about the historic meeting between Greek Prime Minister Papandreou and Turkish Prime Minister Ozal which is in fact taking place today and tomorrow and the day after in Athens, Greece, which emanated from the meeting in Davos, Switzerland, in late January. We should be careful that this meeting does not deflect from the fundamental differences affecting Greek and Turkish relations.

This is due to the fact that Turkey has committed itself to previous agreements throughout its history which unfortunately have not been kept. One such agreement has to do with the problem concerning the continuing Turkish occupation of 37 percent of Cyprus.

As part of the agreement regarding the lifting of the U.S. embargo, I am sure you remember, in 1978 the Turkish regime committed itself to negotiating in a forthright manner over the future status of the island.

Ten years later, nothing has changed and the legal status still continues.

I would like to say a few words about Cyprus, because that is the biggest key of all. Cyprus should receive the full $15 million in ESF, because even though Cyprus is not a member of NATO, it has been one of our staunchest allies in the eastern Mediterranean.

VALUE OF CYPRUS TO NATO

Cyprus has been the transit point for the removal of our marines and citizens from Beirut, transit denied to the United States by the other countries in the region. Cyprus also provides the West with an important listening post which monitors the entire region, including portions of the Soviet Union.

Now I would like to summarize the entire testimony with the following, Mr. Chairman. Turkey used American military aid illegally 14 years ago in 1974 when it invaded and subsequently occupied 37 percent of the Republic of Cyprus. There are presently 35,000 Turkish occupation forces and over 60,000 illegal Turkish colonists inside Cyprus.

Turkey also deploys 140,000 troops supplied by American tax dollars from NATO's defense opposite the Greek islands in the Aegean Sea.

Mr. Chairman, I ask the question, why are these troops not stationed along the Turkish-Soviet border? The answer, of course, that we have is because Turkey's leaders have repeated their desire to annex these islands to Turkey, as it is trying to do with Cyprus.

For 14 years, our government has neglected the obligation to support the rule of law on Cyprus, causing Cypriots to remain refugees in their own country. Mr. Chairman, only the United States has the influence to encourage Turkey to abide by the rule of law that governs the relationship between the United States and its allies.

And at this point I want to include that we must never forget that there are 1,614 Cypriots missing in Turkey and 5 Americans that were taken prisoner by the Turks during the invasion of 1974.

Mr. Chairman, as you consider the foreign aid appropriations for fiscal year 1989, please keep in mind our proposals. It is all too easy to dismiss these points along the lines of the simplistic argument that Greeks and Turks are always against each other and every action proceeds from that.

What we are talking about here is what is best for our nation and its citizens in bilateral terms. How can it be justified to spend their tax dollars on Turkey, a country which so far has used our aid to invade another country, abuse its citizens, take American jobs, and peddle drugs to our youth?

In this era of budget cutting and fiscal responsibilities, we urge you to look at what American aid is buying us in Turkey and what that aid is doing to our citizens, particularly our youth, and to America's reputation as a fair and just leader in this world.

It has been suggested that the Greek Cypriots and concerned Americans are merely unable to accept the reality of the current situation in Cyprus. Well, Mr. Chairman, this is true.

It is unacceptable to us in this day and age, in this era of international interdependency, that military aggression against a nonaggressive democracy be condoned and supported by the leader of the free world. It is unconscionable that the United States spend hundreds of millions of U.S. tax dollars to support a country that has blatantly broken U.S. laws and international laws.

It is humiliating that this hypocrisy is maintained because Turkey is a NATO ally. Either the United States stands for the rule of law or it does not. It is therefore the constitutional duty of the U.S. Congress to guide the administration toward the behalf of the rule of law and to send a clear and unmistakable signal to Turkey that this Nation cannot and will not condone the illegal use of its goodwill assistance.

It is long overdue for the United States to pursue a coherent and comprehensive foreign policy program for the area and for the world at large. We cannot stress strongly enough our sincere hope that this subcommittee and indeed the entire U.S. Congress bring about the courage and foresight to accomplish this.

And I thank you, Mr. Chairman, for the opportunity.

[The prepared statement of Mr. Lomis follows:]

STATEMENT

OF

DR. DEAN C. LOMIS, CHAIRMAN

AMERICAN HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE, INC.

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before the Subcommittee on behalf of the American Hellenic Institute Public Affairs Committee, Inc., (AHIPAC), to present views concerning foreign aid appropriations legislation for fiscal year 1989 affecting Greece, Turkey, and Cyprus.

We oppose the administration recommendation for Turkey as contrary to the national security and foreign policy interests of the United States in the eastern Mediterranean.

This year, as we face serious cuts in domestic and military spending because of the concerted effort to balance the nation's budget and reduce our federal deficit, we recommend, in support of the rule of law and U.S. national security interests that:

> (1) all aid to Turkey, military and economic, be conditioned upon an agreed Cyprus settlement based on majority rule with full minority rights guaranteed and the removal of all Turkish occupation troops and colonists from Cyprus; and
>
> (2) a reduction in aid to Turkey so that parity in both amount (including economic aid since money is a fungible commodity) and type of aid (loans, grants, interest rates) is established between Greece and Turkey.

Because of the unwarranted invasion and continuing illegal occupation of 37% of Cyprus by at least 35,000 Turkish troops, equipped with American weaponry provided to Turkey for defensive purposes only, the presence in Cyprus of 60,000 Turkish colonists, Turkey's continuing violations of international law, and Turkey's military modernization and illegal build-up on Cyprus, AHIPAC recommends the imposition of the following specific conditions precedent on all military and economic aid to Turkey:

1) the withdrawal of all Turkish occupation forces and colonists from Cyprus;

2) the immediate return of all occupied areas to the Republic of Cyprus under U.N. auspices for the immediate resettlement of the 200,000 refugees;

3) agreement by Turkey and the Turkish Cypriots to constitutional arrangements based on the universally accepted democratic principle of majority rule with full minority rights guaranteed, as well as freedom of movement, settlement, and ownership of property anywhere in Cyprus;

4) agreement by Turkey to full cooperation with the International Red Cross regarding investigation of the five abducted Americans and 1,614 missing Greek Cypriots;

5) renunciation by Turkey of its illegal claims in the Aegean and agreement to submit to the Court of International Justice at the Hague any specific alleged claims by Turkey against Greece in the Aegean;

6) agreement by Turkey to disband its "Army of the Aegean", organized in 1975 and directed against Greece's Aegean islands.

We also urge the Subcommittee to consider 1:1 as the appropriate aid ratio between Greece and Turkey in order to further deter potential aggression by Turkey against Greece's Aegean islands and potential further aggression by Turkey in Cyprus. Pending a 1:1 ratio, we support the continuation of the 7:10 aid ratio regarding Greece and Turkey as being in the best interests of the United States concerning our national security and foreign policy interests in the eastern Mediterranean.

AHIPAC is in favor of the Administration request which stipulates that all FMS (Foreign Military Sales) aid be allocated on the basis of forgiven loans (equivalent to grant aid). Although the House did not include this specific administration request in its recently passed foreign aid bill (HR 4637), we strongly believe that this subcommittee should adopt the proposal as serving the best interests of the United States in the eastern Mediterranean region.

AHIPAC supports the House bill's continuation of the 7:10 ratio regarding foreign aid allocation, but only, as was stated above, pending the outcome of serious consideration regarding 1:1 as the official allocation ratio concerning US aid to Greece and Turkey. AHIPAC recommends the continuation by this subcommittee of the House passed version of the bill which states that the 7:10 ratio will apply regarding the dispersal of surplus military equipment allocated by the US to both Greece and Turkey.

Regarding MAP aid, AHIPAC views as positive, the House passed version which stipulates the provision stating that should Turkey receive a certain amount of MAP assistance, Greece should receive not less than $30 million in similar MAP allocation. Even better, however, concerning American strategic interests in that vital region, would be the adoption of the aforementioned recommendation concerning a reduction in aid to Turkey so that parity in both amount (economic and military) and type (loans, grants, interest rates) of aid can be realized.

We recommend the continuation of $15 million in humanitarian aid to the Republic of Cyprus (earmarked in House subcommittee) as serving the best interests of the United States, at least as long as the Turkish occupation forces remain on Cyprus. We also recommend that no part of these funds be used or earmarked for the Turkish Cypriots until they revoke their illegal action of November 15, 1983, the Unilateral Declaration of Independence and their further illegal action in requiring passports to be stamped.

1. US AID TO TURKEY

A. US-Turkey Bilateral Relationship

Turkey's use and need of U.S. aid is, at the very least, questionable, particularly when a substantial portion of it is being used to finance Turkish occupation forces and colonists in Cyprus. Former Undersecretary of State, William Schneider, in testimony before the House Foreign Affairs Subcommittee on International Security and Scientific Affairs on February 21, 1984, stated that the annual cost of maintaining one Turkish soldier is $9,000 (in 1984 dollars). With State Department officials putting the current number of such troops in occupied Cyprus at 35,000, this means that of the money the U.S. gives to Turkey, over a quarter of a billion dollars is used annually to maintain the illegal Turkish occupation presence on the island.

Furthermore, the generous foreign assistance Turkey has been receiving from the United States, particularly since the passage in 1978 of legislation lifting the partial arms embargo, has been allocated with the clear understanding that Turkey would cooperate fully in efforts to bring about a lasting solution to the Cyprus problem. It seems, however, from the events of the past fourteen years, that Turkey's understanding of a just and lasting solution of the Cyprus situation is nothing less than annexation of the entire island.

Mr. Chairman, what benefits has the U.S. obtained as a result of our providing over $10 billion in aid to Turkey -- nearly $4 billion over the last six years alone?

Administration officials point out that Turkey has the longest border with the Soviet Union of any NATO nation and also borders Syria, Iraq, Iran and Bulgaria. Turkey allows the U.S. use of listening posts to conduct Soviet surveillance, and controls the Dardanelles through which Soviet warships must pass in order to leave the Black Sea, enter the Aegean and from there the Mediterranean. Many argue that Turkey has the potential to be a valuable asset to the U.S. in time of real crisis. The important question is "will the Turks be helpful?" All previous trends and current indicators are very discouraging.

In 1980, when the U.S. requested permission for the use of American bases to free American hostages in Iran, Turkey refused. Turkey responded in the same manner when we needed to use American bases to support U.S. interests in Lebanon. Turkey would not allow Washington evacuation privileges of our wounded and dying Marines from Beirut in 1983, and of our wounded and dying Embassy staff in 1984, or to attempt the rescue of our TWA Flight 847 hostages in Beirut in 1985. Turkey will not even permit the U.S. to build transmission antennas to broadcast Voice of America programs currently jammed by the Soviet Union. Finally, Turkey recently announced that it would not permit the use of U.S. bases in Turkey concerning the Persian Gulf.

When we retaliated against Libyan sponsored terrorism, the Turkish Cypriot leader, Rauf Denktash, sided with Libyan leader Qaddafi, stating: "Qaddafi was acting in self-defense," and that he "prayed for the souls of martyred Libyans". Turkey has refused to expel a Libyan "diplomat" whose terrorist activities caused his expulsion from the United States and Switzerland.

The administration's policy toward Turkey has cost American lives and jobs. The State Department has recently agreed to re-interpret a new U.S. drug law which is supposed to identify and list countries which are major drug producers and traffickers. When a country is listed by the U.S. as such a producer and/or trafficker, 50% of total U.S aid is to be withheld until at least March 1, when the President, then, must certify that such a country is making an acceptable effort on drug control before the rest of the aid can be released. Even though the U.S. Drug Enforcement Administration has reached a conclusion that four million tons of narcotics pass through Turkey or Turkish ports each year, State Department officials state that since the law does not stipulate what volume of narcotics must be involved before a country is listed, their exemption of Turkey is justified.

Leaders of the United Steelworkers of America and the American Wire Producers Association have stated that they are concerned with the threat posed to American steelworkers' jobs posed by the rapid increase of Turkish exports to the U.S. in steel products. In 1984, Turkish companies sold $750,000 worth of wire and wire products. By 1986 that number had increased to $5.4 million, not including the $2.3 million sold in wire products such as nails, baling and barbed wires. Turkish dumping of steel on the American market has also given rise to concern.

The American textile industry has also been damaged by Turkey. The American Textile Manufacturers Institute has estimated that between 1985 and 1986 Turkish textile export sales eliminated over 18,000 American jobs. Both the Institute and the Amalgamated Clothing and Textile Workers Union have accused the Reagan Administration of favoritism toward Turkey and describe last year's trade talks between the two countries as "one of the worst agreements we have".

In 1983, the value of Turkish textile exports to the U.S. was $15 million. By 1986 they had reached $186 million. Comparing the figures of January 1987 with those for the same period last year, there is already a 23% increase in the volume of such exports. In addition, there is concern that Turkey is attempting to get around textile quotas by shipping many of its unfinished goods for final finishing in other countries for eventual exportation to the U.S. (e.g. Malaysian finishing of Turkish towels).

During private meetings between Secretary of State, George Shultz, and Turkey's foreign minister, Vahit Halefoglu, during the opening session of the 1987 United Nations General Assembly in New York, Secretary Shultz requested that Turkey "restrict its airspace, denying overflight rights to Libyan and Iranian aircraft carrying chemical weapons components and sea mines to and from Tehran." Turkey denied the request. Turkish Prime Minister, Turgut Ozal, has claimed, however, that he protested to the United States in 1985, when the initial secret arms flights to Iran were taking place by overflying Turkey, during the initial phase of what became known as the Iran-Contra affair.

According to the February 29-March 6, 1988 issue of Defense and Foreign Affairs Weekly, the US government has admittedly pressured Turkey by demanding an "immediate end" to the sale of nuclear weapons-related equipment to Pakistan. The Weekly states that the administration issued a "formal" warning to Ankara, stating that if the Turkey regime continues to sell inverters to Pakistan, than Washington "will not supply Turkish nuclear reactors with reprocessed fuel", which would seriously hamper Turkey's nuclear program.

The Turkish supply of inverters to Islamabad began during the late 1970's and early 1980's, when Pakistan approached Turkey following the foiling of illicit efforts by Pakistan to procure some equipment in the US and Western Europe. Beginning with approximately five Turkish companies, today some 15 to 20 firms (among them ETI and EKA) are said to be involved in supplying inverters and other equipment to Pakistan. Carnegie Endowment expert, Leonard Spector, regarding the proliferation issue, stated to the Weekly that there could "conceivably" be a tacit agreement by the Turkish regime to support these shipments from private companies.

In February of this year, the House Foreign Affairs Committee and the Senate Foreign Relations Committee received the publication "Country Reports on Human Rights Practices for 1987", from the US Department of State during the month of February. Regarding torture in Turkey, the report says that, "Although the Constitution states that 'no one shall be subject to torture or ill-treatment incompatible with human dignity,' Turkish politicians, the Turkish press, and outside monitoring groups have repeatedly asserted that prisoners are subject to mistreatment and torture during initial interrogation or imprisonment." (p.1033)

These findings coincide with Amnesty International, which stated in its September 1987 "File on Torture" (quoted in the State Department Human Rights Report), that torture was "widespread" and "systematic" throughout Turkey, charging that "almost four years after a civilian government came to power in November 1983, no effective measures have been taken to prevent torture." The Amnesty file included accounts of "torture methods, centers of torture, sexual abuse, and death in custody." The human rights report produced by Helsinki Watch (quoted in the State Department report) also concluded that "torture is still practiced in Turkey on a large scale."

On April 25, 1988, the Foreign Ministers of the European Community (EC), meeting in Luxembourg, decided unanimously that Turkey's relationship with the EC must be linked to progress concerning the Cyprus issue as well as the human rights situation inside Turkey. This position was stated in a joint text submitted to the Turkish delegation during a scheduled meeting of the Turkey-EC Association. In response, the Turkish delegation decided to abstain from the meeting which was intended to discuss, inter alia, the implementation of the Fourth Financial Protocol, from which Turkey would receive some $725 million in EC funding.

On May 20, of this year, the European Parliament, in a resolution of unprecedented clarity and firmness, called on the Foreign Ministers of its twelve member-states, by an overwhelming majority, to press Turkey for a precise timetable regarding the withdrawal of its 35,000 occupation troops and 60,000 settlers from the Republic of Cyprus. The resolution also demands respect for the fundamental freedoms of movement, settlement and property ownership for all Cypriots, as well as a solution to the humanitarian problem concerning at least 1,600 missing Greek Cypriots, whose fate continues to remain unknown since the Turkish invasion of 1974.

Finally, and perhaps most alarming, the deliberate destruction of occupied Cyprus by Turkish troops continues unabated. Antiquities and works of religeous art (icons and frescoes) have been offered for sale in Berlin, Bonn, Zurich, Basel, Paris, Lyon, London, Washington, New York, Houston, Dallas, Los Angeles and Chicago. In Europe, certain objects have been repatriated following confiscation by the police and certain others after being purchased by the government of the Republic of Cyprus and the Leventis Foundation, a private cultural institution.

B. Turkey's active cooperation with the Soviet Union

Because of Turkey's relationship with the Soviet Union, there are serious questions as to whether Ankara would assist the U.S. in a conflict with the Soviet Union. Already, Turkey does not allow American military aircraft to fly within 120 miles of the Soviet border for the specific purpose of conducting surveillance concerning Soviet missile flight testing and the monitoring of Soviet troop movements.

During the Middle East War of 1973, predating the Turkish invasion of Cyprus by one year, Turkey allowed the Soviet Union specific overflight rights and overland convoy rights using the primary public road system to resupply Syria and her allies who were engaged in war against Israel, while denying U.S. overflight rights to resupply Israel.

In 1974, shortly before the Turkish invasion of Cyprus, Soviet ambassador Vassiliou was quoted as stating to then Turkish President Fahri Koruturk, "Go, but do not try to annex the whole, or part of, the island." Indeed, this is precisely what Turkey proceeded to do, i.e. the continuing occupation of 37% of the country using 35,000 Turkish troops and the illegal infiltration of at least 60,000 "settlers" from mainland Turkey.

During the massive Soviet airlift of Cuban troops and Soviet weaponry into Ethiopia during the conflict in 1977-78, (undertaken by the Soviets following the momentum of their successful airlift of Cuban troops and Soviet armament into Angola in 1975), Turkey permitted Moscow direct overflight rights to support the pro-Soviet minority of Ethiopian communists, led by Haile Mengistu Mariam, who eventually prevailed and established a Marxist-Leninist dictatorship directly dependent upon the Soviet Union. During the peak months of the conflict (December 1977-January 1978), the Soviet Union greatly increased the number of overflights through Turkish airspace with the direct acquiescence of Turkey's regime. The time saved by passing through Turkish airspace was crucial to the Soviet victory. To understand the magnitude of Turkey's contribution to the Soviet victory, which threatens the stability of the entire northeastern African continent, one must have an awareness of the situation on the ground, inside Ethiopia and in neighboring Somalia, a Soviet client state (at that time) during the crucial months of November-December 1977.

In late 1977, Raul Castro (brother of Cuban leader, Fidel Castro) secretly flew to Moscow and arranged for the airlift of Cuban troops to military base camps inside the Soviet Union. During November and thereafter, following intensive training, giant Soviet Antonov-22 transport aircraft ferried Cuban men, Soviet weapons, and other assorted needs to Ethiopia. Overflying Turkey, the Soviets ferried in 2,000 Cubans by the end of the first week in December. Landing in Addis Abbaba, the Cuban contingents were immediately moved to the fighting front against Somali and anti-communist Ethiopian forces. The impact of their introduction on the war front was swift and immediate, effectively turning the tide in favor of the Soviets. By late December, 17,000 Cuban troops were in Ethiopia.

On November 3, 1977, Siadd Barre, the leader of Somalia and, up until that moment, a staunch Soviet ally, realizing that Moscow was throwing its support to Ethiopia's pro-Soviet factions as well as discarding Somalia as an ally, severed relations with the Soviet Union. On November 17, 1977, Soviet General Petrov arrived in Addis Abbaba to assume direct control of the fighting. By mid-1978, approximately 35,000 Cuban troops were directly involved in the conflict, thus securing a strategic pawn for the Soviets on the international chessboard. Nothing even remotely appoaching this development could have occurred without overflight access by Moscow over Turkey and directly into Ethiopia.

Perhaps the greatest tragedy to have occurred from this development is taking place at this very time. Due to the genocidal policies being put to use by the pro-Soviet Ethiopian regime in defeating a long-wagered guerrilla battle against its illigitimacy, perhaps 2-3 million Ethiopians will starve to death this year because of the fact that Western food donors are deliberately being prevented from feeding those in need. This monstrous policy closely resembles Joseph Stalin's evil practiced during the 1930's when he deliberately starved to death 8-10 million innocent victims in the Ukraine because they refused to heed his policies, or the genocide waged by Turkey's Ottoman governments during the slaughter of 1.5 Armenians from 1915-1923.

C. Threat in the Aegean

The threat to the Aegean can best be understood by focusing upon the deployment of Turkey's armed forces. Furthermore, it is interesting to note that the so-called second-largest standing army in NATO (second only to the US) finds much of its active capability deployed against Greece and the Aegean, rather than the USSR.

Specifically, we are talking about the ARMY OF THRACE, which is intended for NATO assigned purposes only. This highly trained army, composed of approximately 65,000 men, has a degree of readiness approaching 80-100%, a degree which is much higher than that of the units deployed along the borders of the Soviet Union, a degree of readiness which does not exceed 50%!

Secondly, and more threatening, is the ARMY OF THE AEGEAN, a force which was created in 1975, following the invasion of Cyprus, and totals some 140,000 men. This force is not assigned directly to the NATO command structure, but does constitute a "national force". The ARMY OF THE AEGEAN is deployed along the Aegean coast directly opposite the Greek islands (some of which are only six miles from the Turkish coastline), and is composed of the following elements:

1) A division of marines;

2) An airborne division with helicopter gunships;

3) Turkey's entire parachute contingent.

The ARMY OF THE AEGEAN is augmented by a fleet of 127 landing craft, which, it can be safely assumed, are not intended for use along the dry borders of the Soviet Union.

Perhaps the most effective means by which one can legitimize the Turkish threats to Greece in the Aegean would be to list the following quotes made by the Turkish leadership. According to Turkey's former Prime Minister, Bulent Ulusu:

"Sooner or later, we shall be obliged to break out of the noose formed by the (Greek) islands which suffocatingly surround Turkey. The Aegean Sea is Turkey's lung. Just as a man cannot live without breathing air, so Turkey cannot live without the Aegean." (May 22, 1986)

Turkey's deputy Prime Minister, Alparslan Turkes, stated to the Financial Times of London: "All the Aegean islands off the Turkish mainland, including the Dodecanese Islands, must belong to Turkey."

Finally, and perhaps most illuminating, former Prime Minister, Bulent Ecevit, the man who ordered the invasion of Cyprus, stated: "The problem of the Aegean has remained pending .....We took the necessary steps concerning Cyprus. We would have acted in the same manner in the Aegean, but we didn't have time." (Milliyet 8/2/76)

It is ironic that in FY'87, our country sent over $300 million in cash and over $170 million in loans for military assistance to our "needy" ally Turkey, a country which, in 1986, launched a new $10.5 million public relations program for the improvement of its image abroad. It does not seem right that our third largest foreign aid recipient should spend over a quarter of a billion dollars annually to maintain an illegal occupation of 37% of Cyprus, and then lobby the U.S. Administration and Congress for $1 billion in aid annually.

At this point, a brief statement must be made in the context of the recent rapprochement between Greece and Turkey at Davos, Switzerland, earlier this year (January 31, 1988).

This activity, first and foremost, should be considered as a postscript to the overall relationship. The agreement reached at Davos seeks to bring about the resolution of any future disagreement by peaceful means and seeks confidence-building measures to achieve a state of peaceful coexistence between both Athens and Ankara and the Greek and Turkish peoples.

The agreement must be welcomed, but with great caution. Greece and Turkey must consider these bilateral opportunities as a potential diplomatic opening to the establishment of a more fundamentally sound political relationship between both countries. Greece and Cyprus, however, must not remove their well-founded suspicions regarding these overtures until they are firmed up by the accompanying of international guarantees.

Concerning Cyprus, the Greek government clarified any potential misunderstanding regarding the Davos interpretation, by stating on April 7 that the Cyprus problem is not a Greek-Turkish issue, but, instead, represents an issue concerning the international community in its entirety. This is so, the government spokesman stated, because the Cyprus problem concerns the presence of Turkish occupation troops which must be withdrawn before any final, just and lasting solution can be achieved.

In the end, however, it should be remembered that a comprehensive, long-lasting Greek-Turkish rapprochement cannot be considered until a final, just solution to the Cyprus conflict has been achieved.

2. US Aid Ratio for Greece and Turkey

The 7:10 ratio has represented a tradition concerning the allocation of aid given to Greece and Turkey since 1978 when the embargo was lifted. It must be recognized, however, that in light of this fact, if Greece were ever lost to the West, Turkey would be cut-off from the rest of NATO. Furthermore, there can be no doubt that Greece's strategic relevance to NATO is at least that, if not more than the importance of Turkey, especially in view of Ankara's repeated allowance regarding passage rights for Soviet aircraft carriers to the Mediterranean, despite NATO objections. It is simply a fact that Turkey intends to expand its territory to include at least part of the Aegean and those islands whose sovereignty is internationally recognized as belonging to Greece. We therefore urge this Subcommittee to recommend that the aid ratio between the two nations be 1:1. This would act as a deterrent to further aggression by Turkey.

Furthermore, according to the 1987 Annual Report of the U.S. Defense Department "Allied Contribution to the Common Defense", Greece has put its money where its mouth is. Greece leads all NATO members in the percentage of its gross domestic product spent on common defense (7.1% as compared with 6.9% - U.S., 5.2% - U.K., and 4.5% - Turkey). Greece also ranks highest in percentage of its population in total active military manpower and active civilian manpower.

Finally, the current historic meeting taking place between Greek Prime Minister Papandreou and Turkish Prime Minister, Turgut Ozal, (June 13-15), emanating from the above-mentioned successful discussions taking place at Davos, Switzerland in late January of this year, should not deflect from the aforementioned fundamental differences affecting Greek-Turkish relations. This is so, due to the fact that Turkey has committed itself to previous "agreements" throughout its history which, unfortunately, have never been kept. One such agreement has to do with the problem concerning the continuing Turkish occupation of [illegible]% of Cyprus. As part of the agreement regarding the lifting of the US embargo against Turkey in 1978, the Turkey regime committed itself to negotiating in a forthright manner over the future status of the island. Ten years later, nothing has changed, as the illegal status quo continues. The Greek Prime Minister is well aware of this, and reminded everyone of this fact when he stated on May 19 of this year, "it is the Greek government's desire that the international aspect of the Cyprus problem be included in the talks."

3. US Aid to Cyprus

Cyprus should receive the full $15 million in ESF because even though Cyprus is not a member of NATO, it has been one of our staunchest allies in the Eastern Mediterranean. Cyprus has been the transit point for the removal of our Marines and citizens from Beirut, transit denied the U.S. by other countries in the region. Cyprus also provides the West with important listening posts which monitor the entire region, including portions of the Soviet Union.

Furthermore, Cyprus has been in the forefront of combating international drug trafficking and terrorism. U.S. Ambassador to Cyprus Richard Boehm has stated publicly that Cyprus' record on both counts is impressive and should serve as a model for all other nations. Information developed by Cyprus authorities helped lead police to two major hashish seizures in England (each 2,000 kilograms) and one in Italy (5,000 kilograms). He continued by saying that the majority of those in Cypriot jails convicted of drug offenses were foreigners who were caught while attempting to pass through Cyprus.

In all convicted cases of international terrorism in Cyprus, the culprits were foreigners. Ambassador Boehm praised the role of Cyprus in this area. He stated that the country was providing for the security of foreign diplomatic establishments in a manner which was consistently and admirably effective.

Regarding the election of George Vassiliou to the presidency of the Republic, a few comments are in order.

Following his election in February to a five-year term, Mr. Vassiliou immediately initiated a comprehensive new attempt to achieve a just and lasting solution to the continuing Cyprus tragedy. He began by proposing that a direct meeting take place between the president of the Republic and the Prime Minister of Turkey, a proposal which was summarily rejected by Turkey's Prime Minister, Turgut Ozal. The necessity for such a meeting is obvious since the "Turkish Republic of Northern Cyprus" is a puppet state constructed and financed by the Ankara regime.

Secondly, President Vassiliou proposed that the total demilitarization of the Republic take place, which implies the complete withdrawal of the Turkish occupation troops, now numbering at least 35,000, and the withdrawal of 60,000 Turkish settlers forcibly brought to the occupied areas since the invasion of 1974. These measures are intended to strengthen the relationship between both Greek and Turkish Cypriots in a federally unified, sovereign, independent and non-aligned state.

Furthermore, on June 3 of this year, speaking before the United Nations Special Assembly on Disarmament, President Vassiliou stated that money saved resulting from the proposed demilitarization, would be used to aid the poorer Turkish Cypriot sectors of the country. Unfortunately, recent decisions by the illegal pseudo-state in occupied Cyprus ("Turkish Republic of Northern Cyprus"), such as the April decision ordering that all passports be stamped regarding any individual crossing into the occupied areas, does not bode well concerning the establishment of a more fundamental and constructive relationship between the two communities on Cyprus.

Finally, it was announced that the United Nations intends to examine the possibility of bringing about a meeting between the Greek Cypriot and Turkish Cypriot communities in Geneva next month (July) for the purpose of exploring a new UN-sponsored attempt to bring about a just and lasting settlement to the continuing Cyprus stalemate. President Vassiliou, of the Republic of Cyprus, indicated that he favors this new attempt to end the continuing trajedy of occupation and division, but only, however, if a specific timetable and substantive movement can be assured.

Summary

Turkey used American military aid illegally fourteen years ago in 1974 when it invaded and subsequently occupied 37% of the Republic of Cyprus. There are presently 35,000 Turkish occupation forces and 60,000 Turkish colonists in Cyprus. Turkey also deploys 140,000 troops, supplied by American tax-dollars for NATO's defense, opposite the Greek islands in the Aegean Sea. Mr. Chairman, why aren't these troops stationed along the Turkish-Soviet border? Because Turkish leaders have repeatedly declared their desire to annex these islands to Turkey, as it is trying to do with Cyprus.

For fourteen years, our government has neglected its obligations to support the rule of law on Cyprus, causing Cypriots to remain refugees in their own country. Mr. Chairman, only the United States has the influence to encourage Turkey to abide by the rule of law that governs the relationship between the United States and its allies.

Mr. Chairman and Subcommittee members, as you consider the Foreign Aid Appropriations bill for FY'89, please keep in mind our proposals. It is all too easy to dismiss these points along the lines of the simplistic argument that Greeks and Turks are always against each other and every action proceeds from that. What we are talking about here is what is best for our nation and its citizens in bilateral terms. How can it be justified to spend their tax dollars on Turkey, a country which so far has used our aid to invade another country, abuse its citizens, take American jobs, and peddle drugs to our youth?

In this era of budget cutting and fiscal responsibility, we urge you to look at what American aid is buying us in Turkey and what that aid is doing to our citizens, particularly our youth, and to America's reputation as a fair and just leader in this world.

It has been suggested that the Greek Cypriots and concerned Americans are merely unable to accept the reality of the current situation in Cyprus. Mr. Chairman, this is indeed true. It is unacceptable to us that in this day and age, in this era of international interdependency, that military aggression against a non-aggressive democracy be condoned and supported by the leader of the Free World. It is unconscionable that the United States spend hundreds of millions of U.S. tax-dollars to support a country that has so blatantly broken U.S. laws and international laws. It is humiliating that this hypocrisy is maintained because Turkey is a NATO ally. Either the United States stands for the rule of law or it doesn't. It is, therefore, the constitutional duty of the U.S. Congress to guide the Administration toward the path of the rule of law, and to send a clear and unmistakable signal to Turkey that this nation cannot and will not condone the illegal use of its goodwill assistance. It is long overdue for the United States to pursue a coherent and comprehensive foreign policy program for the area. We cannot stress strongly enough our sincere hope that this Subcommittee and indeed the entire U.S. Congress bring about the courage and foresight to accomplish this.

Thank you Mr. Chairman and Members of the Subcommittee.

GREEK BASES

Senator INOUYE. Thank you very much, doctor.

I will be recommending the sum of $15 million for Cyprus and the 7-to-10 ratio. But I am certain you are aware that the administration was very much against the maintenance of this ratio.

Mr. LOMIS. I am very much aware.

Senator INOUYE. And in fact, 1 to 1 would be that much more difficult.

Do you have any thoughts on the base rights negotiations?

Mr. LOMIS. Yes, I do. As a former U.S. military Air Force officer, I was as a matter of fact stationed in Germany for 2 years and in Greece for 2 years as an intelligence officer. I consider the American air bases in Greece, all the bases for that matter, of extreme importance to our forces and to the NATO alliance, and I consider Hellenikon, the base near Athens, extremely important as a support group.

I have flown from that base repeatedly and I know its usefulness, yes.

And I do hope that the Greek government accepts good faith negotiations and leaves the bases as they are.

Senator INOUYE. I would hope so, too.

I thank you, sir.

RECESS

May we have a 2-minute recess.

AMERICAN UNIVERSITY OF BEIRUT

STATEMENT OF DR. FREDERIC P. HERTER, PRESIDENT, AMERICAN UNIVERSITY OF BEIRUT

ACCOMPANIED BY:
DR. IBRAHIM SALTI, DEPUTY PRESIDENT, AUB
DR. ADNAN MROUEH, VICE PRESIDENT FOR HEALTH AFFAIRS AND DEAN OF MEDICINE, AUB

PRESENT STATE OF AUB

Senator INOUYE. Our next witness is the President of the American University of Beirut, the former chairman of the board of trustees, Dr. Herter. And you have with you Dr. Ibrahim Salti, Deputy President of AUB, and Dr. Adnan Mroueh, Vice President for Health Affairs and Dean of Medicine of AUB.

It is good to have you with us. You have heard Chor-Bishop Beggiani put in a good word for you.

Mr. HERTER. Good.

Mr. Chairman, I am very appreciative of this opportunity to speak to you. As you know, the State Department restrictions on American travel in Lebanon keep me at an office in New York, and the operational activities of the University are conducted by my Deputy President, Dr. Salti, who is on my right, and our Vice President for Medical Affairs and Dean of the Medical School, Dr. Adnan Mroueh.

Now, the reason I think it is important that they are here is that people sometimes do not believe me when I tell them good things about the American University of Beirut. They say, how can you know? You do not go there, and so forth.

And I think it is important that people hear firsthand from those who are on the set, if you will, and active, what is going on. And I would like to give a very brief preamble as to the state of the university at the present time.

Despite 13 years of civil war, the extraordinary thing is that the campus is still intact and there has been no intentional and direct damage to the campus during this period of time.

We have an enrollment of 5,400 active students at the present time, the largest enrollment in the history. Our standards of admission are being kept really remarkably high, for the simple reason that we have the luxury of picking 1 out of 15 students now.

We expect 12,000 applicants to our admission class of 800 this next fall.

We have, contrary to common perceptions, a politically inactive campus, a very quiet campus. It has been this way for about a year and a half. We have had absolutely no activity of any sort.

Allegations of intimidation or harrassment by students, or of our administration out there were certainly in part true 2 or 3 years ago, but they are not true now. And I think Dr. Salti will confirm that.

We have been able to keep a nonsectarian nature to the university, despite allegations that we have divided into Christian and Moslem fronts. Our ratio of Moslem to Christian is about 60/40, and the main campus in Ras Beirut has about 1,000 Christian students in it at the present time.

EDUCATIONAL PROGRAM

The educational program consists of five separate faculties. We have a faculty of about 400. We have a strong regional influence in that we have programs that extend throughout the Arab world in a diversity of fields, including education, public health, banking, business, et cetera.

Now, how am I able to give such a positive view of the university? I think one of the reasons that this has come about is that the university has since its inception in 1866 remained totally independent from political or sectarian pressures or influences.

It is tolerant of all views and all students. Its doors are open and it provides a liberal free educational system which is quite unique in the Middle East. It has been able to maintain its American character, despite the fact that Americans are not officially allowed on the campus or in Lebanon at the present time.

And I think the principal reason is that we provide an education of quality and the Lebanese, if nothing else, are passionate about education for their children. And it supercedes almost all other considerations. So that at the present time, we have a student body that includes the daughter of the President, the son of Fadlallah, the spiritual leader of Hezbollah, and all other kinds of people from every single faction within Lebanon.

We have support from the entire area. Our main liability at the present time is that the Lebanese economy has produced a considerable strain on individual incomes. The pound has gone from about 3 to the dollar 4 years ago to what is now 360 to the dollar. It has gone down as far as 600 to the dollar.

And we are unable to pay even our senior faculty people, even one-fifth of what they would be paid in a comparable institution in this country. So this factor primarily, more than the political situation, which is still slightly precarious but much less so than it was, has been responsible for some faculty exodus.

And this is where added resources really make a difference.

HOSPITAL PROGRAM AT AUB

As Dr. Mroueh will tell you, we also carry out an extensive hospital program. We have taken care of more casualties than all the other hospitals in Lebanon combined, and this is a nonremunerative type of activity. The government of Lebanon has not been able to compensate us for it.

In summary, I would say that the university is of importance, not just to Lebanon, to Beirut, nor to the Middle East, but I think it is also extremely important to America. I think it is the best America has to offer in that area. Its importance in fact transcends its simple educational character.

It has become a symbol of sanity, of rational thinking, and of hope to the people of Lebanon. I think if something happened to the university, I think we would have very, very severe repercussions in the country. It is the major one stable institution that is there at the present time.

It is also producing the majority of the enlightened leaders who have become over the years preeminent in a variety of different fields in the Arab world. And I think if the resolution of the Middle East problems is going to depend on people sitting around a table and talking, then the kind of education we have been giving is going to play a very real part.

REQUEST FOR ADDITIONAL FUNDING

We are here to urge that a consideration be given for an increase in ASHA funds to be given this year. We also very humbly ask that consideration be given to the earmarking of an additional $5 million for the university, simply because we have a deficit at the present time, an operational deficit, which is based largely on our hospital activities, which we do not expect to straighten out for a time to come.

Now perhaps Dr. Salti would add something and Dr. Mroueh.

Dr. SALTI. Mr. Chairman, I just came from Beirut, where I have been Deputy President for the past 14 months. It is my wish here to assure you and your committee that the situation on campus has been very safe, quiet, orderly, and approaching normalcy in terms of what an American type campus should be.

We are proud to be giving, providing to our students, who come from various parts of the region, but primarily from Lebanon, a quality American type of education that seems to be in great demand, not only in Lebanon but in many countries of the region.

In the country which I come from, namely Jordan, I know that several thousand students come to this country to seek this education, even though they have four national universities in Jordan.

I think it has been for 122 years. We have every reason to continue to believe it will provide this quality education.

I wish to reiterate what Dr. Herter just mentioned concerning the fact that the campus has been apolitical, neutral, in a country where there is conflict and tension. And this has helped us proceed with the academic program normally.

Mr. HERTER. Dr. Mroueh.

MEDICAL SCHOOL AT AUB

Dr. MROUEH. Gentlemen, the health component in the university consists of the medical school and the hospital, the nursing and various programs for allied disciplines. Recently the department of education from the State of New York has given us accreditation, after reviewing our medical program.

The State of Alabama has also recognized and approved our program.

As was mentioned by the President, the hospital has taken a great toll of the casualties of the past 13 years. We have treated perhaps more casualties than any hospital. Perhaps 50 percent of the total casualties of the Lebanese war have been treated.

Now, the emergency gates have been opened to any wounded or any person, regardless of political color or political affiliation or denomination. Naturally, we have a system of reimbursement whereby the Lebanese ministry of health will be billed for these services.

But the rate of billing is no measure of the actual costs, and when the bill is settled it is after a period of 16 months. There is 16 months delay between the service and the payment.

During this time, the currency loses much of its value. Of course, we cannot refuse patients and therefore the deficit increases.

Now, recently we had to reduce our incoming and transfers to the school of medicine because of our decreasing resources. We are taking in a lesser number of students. We give them the same rigorous admissions requirements that are given in this country, the medical college admissions, and various other parameters that make the pool of entrants comparable to any entrants at American schools.

Now, the hospital, which was started 2 years after the American school was founded in 1967, is an American education outpost that is distant from America. Now, recently we have seen in the country—of course, when it started it was the second medical school in the whole region.

Now there are over 60 medical schools in the whole Middle East. But still, we think we provide a quality education that is not comparable to any other local medical school. Now, recently we have seen in the country, in many countries of the third world, a great inflow of medical doctors that are trained in various medical schools abroad.

Now, of all the doctors that come to Lebanon, 75 percent are trained outside Lebanon. And of the 75 percent, 40 percent are trained in the Eastern bloc countries. Now, this makes the use of medical education and medicine as an entry for various regimes, various governments.

It is creating a problem in the health care, because these doctors come from varying backgrounds. And therefore recently we have had a program of rehabilitation of these doctors. They come, we put them through one year of medical education so that they would have a certain acceptable level of medical knowledge before they are allowed to practice.

If you have any questions, Mr. Chairman.

[The prepared statement of Dr. Herter follows:]

STATEMENT OF
DR. FREDERIC P. HERTER, PRESIDENT
AMERICAN UNIVERSITY OF BEIRUT

Mr. Chairman, I am grateful for the opportunity to appear before you today to discuss the American University of Beirut. With me are Dr. Ibrahim Salti, Deputy President, and Dr. Adnan Mroueh, Vice President for Health Affairs and Dean of Medicine, who have come in from Beirut to share with this subcommittee first-hand knowledge of the current situation at the university. As I believe your committee is aware, I personally am unable to reside in Beirut at this time because of the Department of State's prohibition on travel to Lebanon by Americans.

Without this subcommittee's interest in and support for the American University of Beirut over the past six years, our institution would not have survived. So first of all I want to thank you and your colleagues and your staff for the special concern you have shown us.

In human terms you have by your generosity touched the lives of thousands of individuals: you have given sustenance to the 3000 employees of the university whose dedication makes an American education and modern medical care available to the Middle East; you have helped inspire intellectual curiosity and the spirit of tolerance among the more than 5000 students, Christian and Muslim alike, who each year study at AUB; you have provided the wherewithal by which health and even life itself has been restored to 70,000 casualties of war; and you have sustained hope among many hundreds of thousands more who look to AUB for a vision of the future.

AUB's Board of Trustees is committed to keeping the university not only open, but vigorous. With U.S. Government help it has so far succeeded in that task with no serious compromise of its standards or its American character. I wish I could tell you that the corner has now been turned in Lebanon and that the university's trajectory from here is one of upward recovery. But I cannot with confidence say that. I am in general optimistic about the future in Lebanon, and most of the informed people I talk to agree that the picture is looking a bit brighter. It is not yet certain, however, that the Lebanese presidential elections will take place, that there will be a new constitution, and that the forces of reunification in the country will prevail.

Despite these uncertainties, AUB continues to offer a quality education which is in high demand, and to operate the most respected medical center in the Arab World. There are some 12,000 applicants for 800 positions at the university this coming fall, which means that we will have the luxury of picking one student out of fifteen! It is not hard to maintain standards with this degree of freedom of selection.

But preserving quality also depends upon retaining a first-rate faculty, and this is primarily a financial problem. At present the university still retains an adequate, if less than optimum, core of senior faculty members, most of whom are Lebanese nationals who have been at AUB for many years. There also has been a definite slowing in the exodus of these senior teachers as a result of recent upward adjustments in pay scales. But the shaky Lebanese economy and the loss in value of the Lebanese pound have resulted in salaries which are still well below the international competitive level. A full professor at AUB earned only $11,000 this past year, and with the increases we hope to institute next fall, his salary will still be no more than $15,000. The same individual could expect to earn four times that much at good universities in the U.S. and Europe. As a consequence, offers from other institutions do take their toll.

Hospital Operations

The other major financial pressure on AUB is hospital operations. Much of the hospital work is insufficiently compensated by the Government of Lebanon, which technically is responsible for reimbursing the university for care provided to casualty and other indigent patients. It is not possible for AUB to reduce the level of care it provides these charity patients in order to bring its expenditures into balance with the limited payments it receives from the Government. To remain in good standing with the Joint Commission on Accreditation of Hospitals and with the academic accrediting agencies of the State of New York, where AUB is chartered, the hospital must provide a level and quality of care commensurate with its position as a representative of American medical education.

The financial picture at the hospital has improved somewhat during the past year. Hospital fees have been increased, and with better security in West Beirut, the number of non-charity patients has been on the rise. Improved management and purchasing practices flowing from recommendations contained in the university's long-range planning study also are expected to save as much as $1 million a year at the hospital. But despite these positive developments, sizeable hospital deficits will be with us until the Lebanese economy is truly back on its feet. In the meantime we can only pray that this committee and others within the Congress will continue their past generosity in helping us meet these deficits.

The recognition which your support of AUB brings to American medical education throughout the Middle East has again recently been underscored by a request that we act as management consultants, with full responsibility over medical quality, to a new, private hospital scheduled to begin operations in Saudi Arabia early in 1989. The Saudi organizers are concerned that the Kingdom does not now have a hospital with a fully integrated American approach to health care. They believe this can best be developed in cooperation with AUB, and we are now in the midst of negotiations to determine how we might be able to help.

Uniqueness of AUB

Nowhere is the importance, and the uniqueness, of an AUB education brought home more convincingly than in the Arabian Gulf area. I wish the members of this subcommittee could have joined Dr. Salti and me this past February as we journeyed throughout the region, visiting university after university. The architectural magnificence of these institutions, and the sophistication of their teaching and research equipment, are indeed something to behold. But they are new, their educational practices and personnel are largely borrowed, and they too often are hampered by cultural and religious constraints. The ingredients which make a true university -- curiosity, intellectual vitality, and freedom of thought -- are mostly absent. By comparison, AUB, in its relative poverty and shabbiness, and wounded as it is by war, stands out in sharp relief. It is no wonder that AUB is being asked by so many of these governments and institutions to lend help in terms of ideas and critique and personnel.

For a century and a quarter AUB has been an intellectual center in the Middle East, and its presence in Beirut has been responsible for making that city the only genuinely "open" community in the entire Arab World. AUB still serves as a sanctuary and a laboratory for testing new ideas and as a model for cultural and political experimentation elsewhere in the region. It is both desperately needed and wanted by the Arab states. We respectfully suggest that at a time when American interests are especially severely challenged in the region, it would be a grave mistake for the U.S. to slacken its support for an American institution which receives such high praise throughout the Middle East.

In its report on the Foreign Assistance Appropriation Bill last year, your committee raised the prospect that it might indeed not continue the level of funding for AUB that it has provided in the past. You stated at that time your intention to undertake a very complete review of the university this year. We have welcomed that review, and we are confident that we can satisfy your concerns about AUB's ability to maintain its intellectual integrity and to preserve its non-sectarian character.

Politicization of AUB

The committee's report raised concerns that the AUB administration may have been constrained to yield to political pressure to hire Shiite professors and raise the grades of Shiite students. The committee apparently even received reports that various factions in Lebanon's civil war may be using the university as a place to store weapons. These reports are inaccurate.

1) Some harassment of university administrators by militias operating in West Beirut occurred during academic years 1985-86 and 1986-87. This took the form of complaints (chiefly coming from the Shia community) that the composition of the faculty did not fairly represent their sect. Pressures of this type virtually disappeared with the arrival of Syrian troops in West Beirut in February 1987.

2) Also during academic years 1985-86 and 1986-87, there were a number of student efforts to intimidate faculty members in order to improve their grades. The university's administration is not in a position to say that no professor ever changed a grade in response to a threat. But we are able to say that longitudinal surveys show that grade patterns of the past several years are comparable to what they were some years ago. Moreover, all efforts at intimidation ended with the arrival of Syrian troops more than a year ago.

3) We are completely satisfied that no weapons are stored on the campus. Syrian forces searched the campus for arms, but they found none. We believe a few small arms may have been brought on campus some two years ago, but if so, they are now gone.

4) AUB is located in a region which has known little political stability since the university opened its doors 122 years ago. The degree of political pressure on AUB ebbs and flows, but the fact that the university has not only survived but prospered for a century and a quarter as an institution dedicated to American principles of education can be explained only by its

extraordinary success in staying out of political and religious conflicts.

5) All major political and religious leaders in Beirut repeatedly have expressed their belief in AUB as a non-sectarian, American institution. They do not see it as a political arm of the United States, but as the very best of what the U.S. has to offer. That AUB is perceived by the local community as a non-political, quality institution is evidenced by the fact that Beirut's political leaders, of very different stripes, enroll their sons and daughters there.

American Character of AUB

The committee also expressed doubts in its report that AUB is able to continue as an independent institution promoting American ideals of freedom of thought and conscience. We wish to assure you that AUB retains its intellectual integrity and maintains an American-style education even though Americans cannot at the present time reside in Beirut.

1) AUB remains thoroughly American in spirit, style, and leadership. The Chairman of its Board of Trustees is a former President of Princeton University, and its Vice Chairman is Chairman of the Executive Committee of Chemical Bank. Throughout its history, AUB's President has always been an American. That continues to be true today. The governance of the university's operations in Beirut is totally consonant with this American leadership. As in many U.S. universities, AUB has an active, elected Faculty Senate which advises the administration on academic issues. Academic freedom remains the cornerstone of the university; the fundamental American belief in tolerance and freedom of thought prevails.

2) AUB is chartered in the State of New York, and all of its degrees and programs are periodically reviewed by the Regents of New York State. The university's Medical School has just been reviewed and approved for recertification.

3) English is the language of instruction at AUB, and the curriculum is wholly American in character and substance. Credits earned at AUB are readily transferred to U.S. universities, and AUB graduates are regularly accepted to top U.S. graduate schools. Most university faculty members hold advanced degrees from U.S. universities, and they retain their American academic ties through memberships in professional associations, scholarly publications in American journals, and sabbatical and summer research at U.S. institutions.

4) AUB staunchly preserves its commitment to American liberal education by exposing its students to a variety of disciplines and a diversity of ideas.

5) To enhance both the quality and American character of teaching at AUB, during the past year the university has instituted in cooperation with Stanford University a program of Tutored Videotape Instruction. Complete courses in both the School of Engineering and the School of Medicine at Stanford are videotaped and then used to instruct students at AUB under the guidance of an AUB faculty member.

6) To assure the continued availability of American trained faculty members at AUB, the university has instituted a program to develop future professors by funding the graduate education in the United States of able students who promise to return to AUB

to teach. In addition, the university has established a series of block courses which are taught by expatriate Lebanese faculty members who return to Beirut for a few weeks at a time by taking leave from their current university posts in the United States. These "visiting scholars" shore up the AUB faculty at its weak points while simultaneously strengthening bonds between AUB and U.S. institutions.

Nature and Quality of AUB

The committee's report expressed concern that the fundamental character and historic quality of AUB may have been changed by the pressures of civil conflict in Lebanon. It is undeniably true that educational quality at the university has suffered in recent years, but it remains at a quite respectable level. And we believe that the facts, when carefully examined, demonstrate that the essential nature of AUB remains unchanged.

1) AUB's admission requirements today are the same as they were in the mid-1970s before civil conflict erupted in Lebanon. And as noted earlier, we now have the luxury of choosing one of fifteen applicants for admission.

2) Once admitted to AUB, students receive an education which is equivalent to that provided by good colleges and universities in the United States. AUB seniors who took the Graduate Record Examination (GRE) last year for admission to doctoral study scored, on average, 630 on the quantitative portion of the test. The mean score for all students on this test in the United States was 550. Similarly, on the Foreign Medical Graduates Examination, which is taken for medical licensure in the U.S., AUB graduates rank close to the top among worldwide competitors. In other words, AUB graduates perform noticeably better than the average on both these standardized tests.

3) AUB's student body still reflects a balance of the general demographics of the Lebanese population at large. Taken as a whole, the university's enrollment is approximately 40% Christian and 60% Muslim. Half the Christians and almost all the Muslims attend classes on the West Beirut campus; the remainder of the Christians are enrolled in AUB's off-campus program. The faculty is Christian by a small majority.

4) The student body in Beirut is less international than in earlier years, but there are still 50 nationalities represented. The overwhelming majority (89%) are, of course, Lebanese since the security situation discourages most foreigners from living in Beirut. AUB has nonetheless retained its regional influence through its external programs. These include technical assistance to the Saudi Arabian Ministry of Agriculture and Water; development and implementation of new degree programs in engineering at the University of Bahrain; assistance in the establishment and management of the College of Health Sciences in Abu Dhabi; and introduction of a region-wide series of courses in the sciences of public health.

5) The university's hospital remains fully operational and treats approximately 110,000 patients per year. Since the onset of hostilities in Lebanon in 1975, it has provided medical services for more than half of all the country's war-time casualties.

Financial Situation of AUB

As I have already mentioned, the greatest financial pressures now facing AUB are (1) to maintain what at present still remains the best teaching hospital in the Arab World and (2) to retain the core senior faculty upon which the university's quality depends.

New sources of revenue are being pursued aggressively. Within the university system itself, tuition was increased by 50% this past semester, and it is scheduled to go up another 200% in the fall. AUB's trustees have adopted a policy to increase tuition and to maintain it at a level which will pay 50% of the cost of educating a student. This will put AUB in the high range of cost to tuition ratios achieved by U.S. universities. Given the economic plight of Lebanese families today, the burden of this increase cannot be borne entirely by the students without turning AUB into an elite school for the rich. So more scholarships and loans will be needed. But the policy will recover more of the cost of education from those who are able to pay, and it will provide a more realistic picture of the value of an AUB education for use in our fundraising efforts.

Ten months ago the university launched a three-year, special campaign to raise $38 million in new revenues. These funds will be allocated to the following major areas: $18 million for faculty and staff support; $6.5 million for the hospital; $5.5 million for general operations; $4.5 million for updating and repair of learning facilities; and $3.5 million for scholarships and financial aid to students. More than $15 million of the $38 million goal is now in hand or in pledge form. Major sources of these funds have been North American and Middle Eastern trustees; American foundations; U.S. and Middle Eastern corporations; and university alumni.

The university is taking special steps to encourage greater support than in the past from the Middle East. In an effort to double giving from the region by alumni, the university's trustees are contributing their personal funds to launch a matching gifts program. Governments in the Arabian Gulf states are another projected source of new money. Saudi Arabia has been helpful to AUB in the past, and we expect it to be so again. But during March Dr. Salti and I spent extensive time visiting officials in Bahrain, Dubai, Abu Dhabi, Qatar, and Kuwait to apprise them of our need for help. Our reception in these countries was extremely warm, and we are hopeful that there will be tangible returns.

U.S. Government Assistance

The most generous donor to AUB over the past several years has been the U.S. Government, without whose help we could not have closed our books without ruinous deficits. Though we wish it were otherwise, we are compelled to ask for that help again this year. After taking account of the new sources of revenue I have already described, we project a $12 million deficit for academic year 1988-89.

In specific terms, we request that your committee make the resources available to sustain AUB by (1) increasing the American Schools and Hospitals Abroad account to $50 million from this year's level of $40 million, and (2) earmarking $5 million for AUB in the Near East Regional account. An increase in ASHA would, of course, assist other schools and hospitals as well as AUB.

In FY 1988 the ASHA office received applications for grants from 77 institutions, for total requested support of $105 million. The $40 million budget available made it possible to assist only 44 of these institutions, and on average even they were funded at only slightly over half their requested levels. The private, American institutions of learning and healing which the ASHA program supports are, at a very low cost, doing the basic developmental work that advances U.S. interests. In the future, their work will save hundreds of millions of U.S. dollars because that money will not have to be spent to deal with problems after they have become almost intractable.

We recognize that members of this committee must deal with deficit problems of far greater magnitude than AUB's, and that as a consequence the funds available for foreign assistance are declining. But when you come to make the difficult choices about the relative importance of one U.S. commitment over another, we hope you will agree that the American University of Beirut remains an extraordinarily valuable -- and irreplaceable-- investment. We believe that in the final analysis, U.S. interests are best protected where American ideas and values prevail. The organizing ideas of American society are tolerance of diversity and a commitment to free and independent thought and action. U.S. interests are endangered where the realities in other societies collide with these ideas.

Certainly in the Middle East today U.S. interests are threatened by ideas and values which are in radical conflict with our own. AUB has a 122-years-long tradition of making the American ideal of free, independent thought accessible to the Middle East. We trust that we have today reassured the committee that AUB is successfully continuing that tradition. This ideal is a bed-rock principle upon which Western and Western-oriented societies are founded. To counter anti-Americanism in the Middle East it is essential to preserve the intellectual base which sustains this American way of thinking. AUB is the only institution dedicated to these American intellectual principles which is broadly respected and accepted throughout the Arab World. We pray that we may continue to have your full sympathy and backing in preserving this unique bridge between two peoples and two cultures.

AMERICAN UNIVERSITY OF BEIRUT 1987-1988
FACTS AND FIGURES – FIRST SEMESTER

ENROLLMENT	FIRST SEMESTER
TOTAL	5,533
Arts & Sciences	2,221
Medicine	389
Engineering & Architecture	794
Health Sciences	206
Nursing	121
Agricultural & Food Sciences	392
Division of Education Programs	180
Special Programs	23
Off-Campus Programs	1,207

FACULTY

AUB has over 400 faculty members. Most have studied at leading American and European universities. Approximately 90% of the faculty are from Lebanon and the Arab World.

FACULTIES AND DEGREES

The University has five Faculties and a Division of Education Programs. The Faculties are:

Arts & Sciences
Medicine
Engineering & Architecture
Agricultural & Food Sciences
Health Sciences

In addition to undergraduate programs in each Faculty, the University offers the master's degree in all Faculties, as well as the M.D. degree and the Ph.D. degree in Basic Medical Sciences.

ALUMNI

There are approximately 30,000 alumni living today, of whom 3000 reside in the United States and Canada. Throughout the Middle East, Europe, and North America, thousands are currently holding positions as business executives, educators, scientists, physicians, cabinet ministers, diplomats and members of Parliament. Several have also become presidents and prime ministers of their own countries.

LOCATION & FACILITIES

Campus

The campus of 73 acres of parkland is located in Ras Beirut, on a hillside sloping down to the Mediterranean shore. There are 81 buildings on campus, including the Medical Center, a Postgraduate Medical Education Center, an archeological museum, an herbarium, and dormitories for men and women. The University also maintains an off-campus program.

Medical Center

The medical center consists of a 421-bed teaching hospital, with medical research laboratories, training facilities and the Saab Medical Library. It treats more than 110,000 patients annually. AUB Hospital and its medical staff have greatly contributed to the relief of the suffering in Lebanon in recent years.

Libraries

The University has five libraries with over 500,000 volumes, 4,016 current periodicals, and 1,350 manuscripts. The reference and general collections are especially rich in material concerning the Arab World and include over 50,000 volumes and 285 periodicals in the Arabic language.

RESEARCH AND EXTERNAL PROGRAMS

The University provides professional and technical assistance to the developing Arab World through its Office of Research and External Programs (REP). Presently, REP is administering fifteen development contracts in Saudi Arabia, Bahrain, The United Arab Emirates, and Lebanon. AUB's involvement in regional development not only benefits the host country but also contributes to more effective education through faculty and student exposure to current developmental needs.

BUDGET AND FINANCES

The 1987-88 operating budget of AUB, including the Hospital and Auxiliary Services, is approximately $27 million. Sources of funds include gifts and grants from alumni, individuals, corporations, foundations, governments, and organizations concerned with the development of education in the Middle East; from tuition and fees; patient fees; endowment funds; and auxiliary services.

AUB HOSPITAL ASSISTANCE

Senator INOUYE. How many persons have been provided assistance by your hospital during the past 12 months?

Dr. MROUEH. 400,000, we think, inpatient and outpatient.

Senator INOUYE. How many active on-campus American faculty members do you have now?

Mr. HERTER. I cannot give you the exact number. There are a few Americans who have dual passports, and they are there on whatever their non-American passport is.

We had two American women on our faculty who refused to leave, despite the imprecations of the State Department. One did come back. The passport was removed and returned. She is now back on an Irish passport teaching.

And we have a nurse, supervisor of nurses, who is close to indispensable to us, who simply has not left, despite pressures from all sides.

But that is the American component at the present time. We used to have as many as 75 people on the faculty, and of course a large number of students as well. We still have a lot of Americans who are waiting to come back as soon as they get the word that they can go.

CAMPUS STABILITY

Senator INOUYE. I am pleased to hear that the violence has subsided and a semblance of stability has returned to the campus. What do you attribute this to?

Mr. HERTER. Well, if I am going to talk purely politically, I am going to lay it at two doors. One, the Syrians, when they entered West Beirut in February 1986–1987, they did an extremely effective job of demilitarizing the militias.

West Beirut has taken on an entirely different aspect since their arrival, and they finally accomplished what we hoped they would do a long time ago, which is to move into the southern suburbs.

This has been reflected in a very, very quiet campus. The security has been good. We have worked closely with them.

And the other thing is that I think there is a general feeling in the country that 13 years is enough, and that some accommodation is going to have to be found. And there is remarkably now a movement which I think is very legitimate, toward unity consensus within the country.

I think it is going to bear itself out.

ALUMNI CONTRIBUTIONS

Senator INOUYE. What is the role of alumni contributions? Do you have that?

Mr. HERTER. I cannot give you the exact figures, but over the past 5 years I would say that the entire alumni body, those in the United States and those in Europe and the Middle East, bring in around $1.5 million.

Senator INOUYE. Well, as you know, we have been as supportive as we can of AUB, and I can assure you that we will continue to be supportive. We will see if we cannot add a few more dollars to ASHA.

Mr. HERTER. Thank you very much. I appreciate the time.

AMERICAN LEBANESE LEAGUE

STATEMENT OF JOSEPH L. BOOHAKER, PRESIDENT, AMERICAN LEBANESE LEAGUE

LEBANESE NATIONALISM

Senator INOUYE. Our next witness is the Reverend Harold Bradley of Georgetown University.

He is not here. Mr. Joseph L. Boohaker, President of the American Lebanese League.

Mr. BOOHAKER. Senator, my name is Joseph L. Boohaker. I am the national president of the American Lebanese League. We are nationwide, we are nonprofit, and we seek to promote the United States-Lebanese relations.

We come before you today to speak about politics and some of the activities that we have been engaged in. We have been talking with the State Department. We had some meetings this past week, and we are concerned about accommodations with Syria and what our policy would be toward that.

What we want and what we advocate is Lebanese nationalism. And we have had some assurances that that will take place in Lebanon. But that national reconciliation is a must.

It has to come, but it cannot come as long as there is an occupation by any outside force. We feel that that would not be—would not produce the right result. And so the policy that we advocate and I think the appropriation that your committee should mirror is a policy of fostering the Lebanese nationalism and let the appropriations mirror that and promote Lebanese nationalist parties over there.

And there are several. They are in the government, they are among the Christian community, they are among the Sunni community, the Shiites, all of them. They just have a problem getting together because of the occupation.

And like I say, this is the policy that we wish to advocate. I think if we do anything other than that, if we allow the Syrian or any other occupation to become legitimated by making accommodations in the realpolitik, then Lebanon faces a real problem of possibly becoming partitioned.

I think that is against U.S. national interests and regional interests and what is best for the United States. None of the occupations are legal. None of them bear the cloak of legitimacy.

The Arab mandate has expired. It is over as of July 1982. The PLO operations in Lebanon under the Cairo Accord—the Cairo Accord has been abrogated. We have Revolutionary Guards over there without any legitimate basis in government, and we have the Israelis operating in South Lebanon.

DEPORTATION POLICIES

Two things in particular this year, the deportation policy of the Palestinians into Lebanon and the destruction of several hamlets in the western Bekaa, we think was a violation of Lebanese sovereignty on their part.

So that is the environment that Lebanese nationalism is attempting to surface in, and it is very difficult. So we just think that the United States Government ought to be promoting as its only policy removal of all of these forces that are trying to play out their own national interests, their own policies inside Lebanon, because until we do that the Lebanese will never have a chance to do it for themselves.

I think it is a commitment that we made to them back in the early 1980's, that we were going to give them a chance for self-determination. And I think we owe it to them. They have been through 13 years, I just heard the last gentlemen testify, of war. And they have, 13 years of war, 125,000 casualties, over 650,000 people displaced.

And they need a break. They need a real break, and it has to come through the removal of these foreign forces first, so that whatever government arises is a uniquely Lebanese creation, because they are the people that have to live with it.

The Syrians will leave one day and the Israelis will leave one day, we hope. And this country has to stand up on its own two feet, and they are the only people that can do it.

U.S. INTERESTS IN LEBANON

Now, as far as the interest that will be served by this policy, we think that Lebanese interests, of course, will be served because they would have self-determination. But let us look at the United States interest.

Our first interest and our most immediate interest right now are the hostages. They are being held in Lebanon, not to promote Lebanese national interests. They are there to support Iranian national interests.

Whenever there is negotiations to get the hostages out, the talk is with the Iranians, not with the Lebanese. And that occupation supports the holding of those hostages. We think that the move toward the Lebanese nationalist interests would be a move away from those hostages being held.

Second, the peace process in the Middle East is pretty much stalled. I think we learned that from Secretary Shultz's latest missions, that if we had a Lebanon that was independent and was sovereign and was secure in herself, she would become a pretty good candidate for the next country to join the Camp David process.

SYRIAN STABILITY

We have an interest in a stable Syria. A Syria that is out in the Bekaa Valley, where there is a $30 billion drug trade going on, heroin and hashish—when you have an army out there, when there is no accountability, there is no legitimate government out there patrolling, there has to be corruption going on and there is corruption going on.

And President Assad's army without a doubt is being corrupted by that trade. A corrupt army for President Assad is bad news for him. It is bad news. Every day they stay there, it becomes that much worse for him and Syria.

And we have an interest that that should not happen.

PALESTINIAN CAUSE

For the Palestinian cause, the Palestinians do have a cause, they have a just cause. But as long as this war can be bought in Lebanon, as long as the parties to that conflict can fight in and through another country, then the incentives for peace are not there.

We have to take the option away. We have to say that, you fight in Israel or you fight in occupied territories or you make peace. I think when they are given those options, they will make peace.

And finally, let us look at the United States. Our credibility suffered a severe blow during the last exercise over there. We were seen as the people who had run out on the people who turned to us for freedom.

This gives us a chance to put this right, and it would send a message to the entire developing world that the United States is a country that you can count on. So I think we have great incentives to turn to this policy, Mr. Chairman, and I think the appropriations of this committee should reflect those interests that strengthening the Army can be served.

And so we would ask the committee in its appropriations to Lebanon that it hit certain things. The first and I think most important is the army. The army is the lasting national institution. It is the essential transitional institution, as I said in my testimony that I submitted.

That army—the training has to continue. To pay for the soldiers, it must be continued. It must be improved, because there is an option out there, you can either join the army or you can join the irregular militia. And those irregular militias are paid several hundred dollars a month.

So if you are a young man and you do not have a job, because there are not many jobs over there due to the war, you either join the illegitimate militia or you join the army. And they need increased money for army pay.

They need money for spare parts for the equipment that we have sold to them, and they need money for training, both here in the United States at Fort Bingham and in Lebanon, so that this army can be inculcated with the idea of loyalty to a national entity. You have to bring that army back together.

UNIFIL ROLE

Second, I think, is the role of UNIFIL. There was an appropriation last year of $18.7 million. That mandate needs to be continued and expanded. We foresee an enlarged role for UNIFIL. We think they should go over the entire country. They should patrol the borders. They should interdict any drugs that are coming, that are going out, or any weapons that are coming in that supplies these militias.

We believe that the U.S. State Department needs to enter into immediate negotiations with Syria for the withdrawal of those forces. That is an immediate first step.

There is a tremendous humanitarian problem over there. The 650,000 displaced persons, who are living in the most dire of circumstances, they have less than enough food to feed their children.

I was over there in October and I saw skinny kids, Mr. Chairman, with their teeth falling out, because they cannot afford dental care.

We have asked in our testimony for $100 million. That is only $13 a month for each child and each person for 1 year. It is not a whole lot to be asking. And they are looking to us for the help.

They need support for their enduring American institutions over there, such as AUB. We must keep our American presence there.

And now there are some AUB students, medical students in their third year, who because they cannot go to AUB they have had to go to the Jesuit school in East Beirut, which is a French school, to try to finish their education. And they need American texts, they need American teachers, so that they can finish their degrees. So that need is there as well.

And we think if we do it this way, channel the money to make sure that it goes to the intended Lebanese beneficiaries and foster these Lebanese nationalist movements, that we would be sending them a message that our appropriations are reflecting a policy, a concrete policy of telling the Lebanese, yes, we trust you to put your country back together and yes, we will help you to remove the people that are keeping you divided.

Thank you, Mr. Chairman.

Senator INOUYE. The only thing I can say is that I support you fully, sir, and I hope that our appropriations will reflect that. I can assure you it is much more than the administration.

Thank you very much.

Mr. BOOHAKER. Thank you, sir.

[The prepared statement of Mr. Boohaker follows:]

TESTIMONY
OF
JOSEPH L. BOOHAKER, PRESIDENT
AMERICAN LEBANESE LEAGUE

My name is Joseph L. Boohaker, President of the American Lebanese League, a nationwide, non-profit organization founded by American citizens in 1976 to promote United States-Lebanon relations and to foster the sovereignty, security, democracy, independence and unity of Lebanon within the bounds of the United States national interest. We are not a lobbying organization, but an educational humanitarian and social organization with a broad national membership base representing the philosophy and ideals of 2.5 million Americans of Lebanese descent.

As with any budgetary process, the recommendation for the appropriation of funds for foreign operations, the jurisdictional task of this Subcommittee, is in essence a statement of policy. The effectiveness of any spending program can only be evaluated when considered in terms of the policy goals which are sought to be advanced by the appropriation.

In light of the events of the past 12 months, since last we appeared before the Subcommittee, I must ask, what has been the official policy of the United States toward Lebanon and what are the U.S. objectives there? High level State Department Officials still tell us that we support the unity, sovereignty, security and integrity of the Republic of Lebanon and that the Lebanese should be solely responsible for the reform of their government.

Recent actions of lower level State Department officials indicate otherwise. Reports from several sources indicate that the U.S. is attempting to facilitate a Syrian sponsored reorganization of the Lebanese Government and restatement of the Lebanese Constitution. These actions in no way further stated U.S. Policy toward Lebanon. The integrity of the Republic and the sovereign right of the Lebanese People are trampled and ignored when Syria, or any other foreign occupying force is solicited for this task. Furthermore, the pursuit of a Syrian solution continues to be explored by these officials despite clear signals from the Lebanese people that they reject this type of foreign imposed solution and that the possibility of a formal partition can become a likely consequence of it.

If this emerging State Department policy of Syrian accommodate in Lebanon is pursued to its logical conclusion, Lebanon will become dismembered, with Syria taking the Bekaa,the Akar and Tripoli Districts, and Israel taking the South, possibly allowing the Palestinians to make their home there. If this is the formula for peace and stability in the region, then Nevelle Chamberlain did find "peace in our time" by negotiating with Hitler the surrender of Czechoslovakian sovereignty. World War II did not happen either.

What is clear from the misdirection of policy and action coming out of the State Department is that U.S. Policy toward Lebanon is in disarray and out of touch with the Lebanese people. The old policy of containment of regional instability in Lebanon and the tolerance of low intensity conflict there, until a broader regional settlement could be brokered, has failed. Not only has that policy retarded the incentives to make peace, but it is spinning off more instability throughout the region.

Today, we wish to offer a clear policy on Lebanon. We propose a policy, consistent with the stated U.S. positions on the future of Lebanon, that can serve as the rational basis on which to appropriate funds for the coming fiscal year, and hopefully beyond.

Our immediate Past President, Mr. Robert A. Basil, ended his testimony before the Subcommittee last July by speaking of a window of opportunity that would exist over the period of the next 12 months, which would allow the U.S. to act effectively to preserve Lebanese sovereignty. Miraculously, after car bombings, economic warfare and years of occupation, the window remains open. The Lebanese Presidential Elections remain before us. There is still time to get off of the Nevelle Chamberlain track.

First, ALL advocates that the U.S. reject the failed containment policy for what it is. We insist that the U.S. should no longer tolerate the externally generated instability and fighting in Lebanon. In its stead, the policy we propose is the vigorous pursuit by the U.S. of fostering the resurgence Lebanese nationalism and the resurgence of the Republic of Lebanon as a necessary buffer between the two traditional regional adversaries, Israel and Syria. This was U.S. Policy during the early years of this decade. Though the U.S. suffered setbacks in Lebanon under this policy, it was not due to a poor policy, but to poor implementation. Our error was to send in a Peace Keeping Forces before there was a peace to keep. Occupying forces were still present in Lebanon. They were still pulling the strings of their Lebanese benefactors, and when the Israelis pulled out of the Chouf mountains that overlook Beirut Airport in September 1983 our Marines became sitting ducks, as Syrian backed forces opened fire on them and eventually engineered the disaster of October 23, 1983. The policy was not the error, attempting to implement it before the removal of all foreign forces was.

Accordingly, the necessary first step to implementation of the policy of promoting Lebanese nationalism is for the U.S. to assist the Lebanese Government and all Lebanese Nationalist movements to secure the unconditional withdrawal of all foreign occupying forces including the Syrians, Israelis, PLO and Iranians. None of these occupying forces operate in Lebanon under any legitimate basis. The mandate of the Arab League under which the Syrian forces entered Lebanon in 1976 has not been renewed since July of 1982. The Iranian Revolutionary Guards were not a part of the Mandate and do not have the consent of the legitimate Lebanese authority to operate in Lebanon. The Cairo Accord of 1969 under which the PLO operated out of bases in Lebanon to conduct guerilla attacks into Israel was abrogated by the Lebanese Parliament and by President Gemayel in 1987. Recent Israeli activity in Lebanon including the deportation of Palestinians into Lebanon and the demolition of hamlets in the Western Bekaa have been a violation of Lebanese sovereignty. None of these occupiers bear the cloak of legitimacy. All are based on raw political and military power, and on the arrogant boast that might makes right.

There is no tenant of international law that can sanction the occupation of Lebanon. A U.S. policy that allows these occupations to continue has no basis in American tradition or values. Accordingly, we challenge this Committee, this Congress and this Administration, as Abraham Lincoln challenged his generation almost 120 years ago when he said:

> "Let us have faith that right makes might, and in that faith let us, to the end, dare to do our duty as we understand it."

Mr. Lincoln preserved the Union and prevented the partition of America. The free people of Lebanon deserve no less.

This policy of fostering Lebanese Nationalism will allow the Lebanese to determine their own destiny. Whether it be a Moslem, a Christian or a pluralistic future, the Lebanese should be the sole determiners. In the final analysis, it is their country and they must decide how they shall keep it and live in it.

This policy will advance a number of U.S. interests. First and most importantly, it will result in the release of the American Hostages. Though held in Beirut, their detention serves Iranian national interests, not Lebanese. Iranian demands define the terms of their release. Without the protection of the Syrian Army, Iranian national interests in the continued detention of the hostages, could not be maintained in Lebanon.

Second, a regional settlement in the Middle East will be advanced. A strong independent Lebanon, responsive to her people and secure in her sovereignty is a better candidate to join Egypt in participation in the Camp David Process.

Third, the U.S. has an interest in a stable Syria. Lebanon as a strong sovereign trading partner and a source of legitimately obtained hard western currencies is much better medicine for the sick Syrian economy than the illicit profits taken from a subjugated province. The $30 billion drug industry flourishing in the occupied Bekaa Valley is a very corrupting destabilizing element in the equation. Every day that Mr. Assad's army remains in the Bekaa, the corruption that inherently accompanies that trade permeates his forces that much more. For a minority Alawite regime, such as Mr. Assad's, this spells real trouble.

Much assistance will be required by the Lebanese to eradicate this cancer of narcotics trafficking that has arisen on the face of Lebanon over the past 13 years. The traffickers have become quite wealthy and are protected by private militias. The return of the growing areas to Government control is the best way to eliminate this source of narcotics that is feeding the world demand.

Fourth, the Palestinian cause for nationhood will be advanced. When the easy and profitable option of continuing to fight through and in someone else's country has been eliminated, then the parties can either fight each other in Israel or the Occupied Territories, or make peace. Given the limited options, both sides will have all of the political incentive needed to enter into negotiations.

Fifth, and finally, United States credibility which suffered a severe blow in the previous Lebanese exercise, both in the Region and around the world, can be put right. Lebanon can be made an example of U.S. resolve to lend a helping hand to any oppressed people who yearn to live free. The message that we send to the people of the developing world is that the U.S. is a partner in freedom that can be trusted to stay the course. The Lebanese are ready to put their hand in ours so that they can be lifted up to rejoin the community of nations living in the freedom and dignity to be accorded a people who produced one of the authors of the United Nations Bill of Human Rights.

In furtherance of this policy, U.S. appropriations for Lebanon should reflect the promotion of Lebanese Nationalist elements in the Government and in the various communities currently living in regions outside of the effective control and reach of the central government. These elements should be promoted as the sources of the national reconciliation that must take place in Lebanon. Appropriations that could fall into the hands of the Occupying forces and thus be denied to the intended Lebanese benefactors should be channelled into Lebanon in a way that the intended use of the aid can be assured.

ALL therefore recommends the following:

1. The opening of immediate negotiations with Israel and Syria to bring about the immediate withdrawal of all of their forces. The Iranians being adjunct to the Syrian forces in Lebanon would be a part of this phase of the withdrawal.

2. The opening and broadening of State Department contacts with indigenous Lebanese Nationalist movements among the Lebanese Druze, Sunnites, Christians and Shi'tes who, along with Nationalist elements that already exist in the central Lebanese government, form the nucleus of the leaders who will create the new Lebanon.

3. A combined force of UNIFIL and the Lebanese Army to take up Syrian and Israeli positions and to patrol the international boarder. On the boarder, these forces should interdict any inflow of weapons not authorized by the government and the outflow of any drugs or narcotics. The continued funding of the UNIFIL is therefore an imperative.

The $18.7 million appropriation for fiscal 1988 needs to be increased to meet the expanded role.

3. The granting of FMS credits to the Lebanese Army, and continuation of the training program, both in Lebanon and here in the U.S. should be given priority. The Army is the essential transitional National institution that will be the key to the security of the country.

4. In the short term, $100 million is needed in humanitarian aid for the over 650,000 displaced persons, driven from their villages and in desperate need in an economy that has collapsed on them. These funds should be channelled into Lebanon through private U.S. agencies and charitable institutions, such as ALL, and others as well, which would be responsible back to Congress or to the Administration to insure that the appropriated funds reach the needy people of Lebanon.

Thank you Mr. Chairman.

GEORGETOWN UNIVERSITY

STATEMENT OF REVEREND HAROLD BRADLEY, S.J., ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

SUPPORT OF CENTRAL AMERICAN STUDENTS

Senator INOUYE. Our next witness is the Reverend Harold Bradley, the Assistant to the President of Georgetown University.

Reverend BRADLEY. Mr. Chairman, I would like to thank you for the opportunity to appear before your subcommittee and thank you for your support for the Central American students program.

I would like to submit my testimony for the record.

Senator INOUYE. Without objection, all statements will be made part of the record.

Reverend BRADLEY. Also, I have the list of universities who have given free tuition to students under this program. I would like to submit that for the record.

Thank you, sir.

Do you have any questions?

Senator INOUYE. No. It is a good program. I thank you very much.

[The prepared statement of Reverend Bradley follows:]

STATEMENT OF
REVEREND HAROLD BRADLEY, S.J.
ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

Mr. Chairman and Members of the Subcommittee:

I am Father Harold Bradley, S.J., Special Assistant to the President of Georgetown University. I appreciate the opportunity to testify before this Subcommittee. Let me begin by thanking the Subcommittee for the generous support given the Central American Scholarship Program. Under a cooperative agreement with the Agency for International Development, Georgetown University is providing scholarships for underprivileged students from Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama to study at community colleges in the United States. Since 1985, 288 students have completed their training and have returned to their home countries. Currently 299 are studying in the United States, and an additional 381 students are joining them, during May and August 1988. They will study at 18 two-year educational institutions located in different areas of the United States.

In addition to the students from Panama who are participants in the program I have described, Georgetown is bringing Panamanian youths to the United States for study leading to undergraduate degrees. More than 250 are now in the program, under a contract with the U.S. AID Mission in Panama. At the end of two years of study at nine community colleges, they will transfer to four-year bachelor degree granting institutions to complete their program. Funding for additional students will depend on a solution of the "Noriega dilemma" and a reopening of AID-funded programs in Panama. However, funds have been provided to assure the completion of the education of those students now in the program.

I want to take this opportunity to thank the Members of this Subcommittee and their staffs who have met with the Central American and Panamanian students on their visits to Washington as a very important part of our intensive "Experience America" program of helping them to understand our democratic values and processes. Senator Kasten and Senator Harkin are becoming well-known in Central American circles as are other Senators in whose states the participating community colleges are located - Senator D'Amato and Senator Mikulski among others.

Fiscal Year 1989 is the wrap-up year of the Hemispheric Migration Project which is funded by the State Department's Bureau for Refugee Programs. We are requesting $250,000 to complete the policy analysis and dissemination of research findings on refugee flows and labor migration from Latin America and the Caribbean. The analyses will cover the role of U.S. assistance in the care of refugees in Central America and the reintegration of populations displaced internally by civil conflict. We also intend to explore the prospects for effecting the successful repatriation of Central Americans and will recommend an appropriate U.S. response.

I would also like to call to the attention of the Subcommittee an International Symposium on health care for displaced persons and refugees. This Symposium, which is one of the events planned by Georgetown University in celebration of its Bicentennial, will bring together outstanding participants from the worlds of research and public health and from the refugee relief community. It will take place in December 1988, and is co-sponsored by a number of prestigious international and national organizations interested in world health. I hope that all of the members of the Subcommittee will be able to attend. A schedule of events and additional information on the other programs I have described are submitted for the record.

In the name of our President, the Reverend Timothy Healy, I thank you for your cooperation.

CENTRAL AMERICAN SCHOLARSHIP PROGRAM (CASP)

Under a cooperative agreement with the Agency for International Development, Georgetown University is providing scholarships for underprivileged students from Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama to study at community colleges in the United States. CASP is a component of the Central American Peace Scholarship Program which grew out of the recommendations of the National Bipartisan Commission on Central America, also know as the Kissinger Commission. In response to the recommendations of the Kissinger Commission, CASP was established by Congress as a pilot project of the Agency for International Development (AID), administered by Georgetown University. In March 1985, Georgetown University received $2 million from AID to fund the first cycle of students. Additional funds were provided by AID to increase the grant to a $24 million project. CASP is prepared to recruit and select scholarship candidates for a sixth cycle of students.

A Comprehensive Experience America Program

To meet the fundamental objective of fostering lasting links between North Americans and Central Americans, CASP has evolved into a comprehensive Experience America program. Students live with host families while they work toward an associate degree or certificate at community colleges and technical schools throughout the U.S. The educational institutions are chosen by Georgetown University because of their potential to develop tailored programs to meet the particular needs of this special group of students who are from low-income families, Spanish-speaking, and of varying educational backgrounds, skills, and work experience. The community colleges draw on the resources of their respective communities, local industries, and businesses to integrate social/cultural, academic, and technical training experiences.

By participating in activities which are experiential in nature, CASP students have an opportunity to know life in the United States, share their culture with the host community, learn a technical skill, become proficient in English, and become familiar with U.S. educational systems, social structures, culture, and government. CASP students earn an associate degree or vocational certificate, study decision-making processes and visit leaders in local, state, and national government, volunteer at community organizations, speak publicly at local civic clubs, devote time to on-the-job training or a practical internship, and participate in leadership skills training.

1988 Expansion

Since 1985, 288 students have completed their training in the United States and are applying new knowledge and skills in their work-places and communities in Central America. There are currently 299 CASP participants studying at 14 community colleges. Of the 299, 134 are women. Among the fields of study offered are agriculture, clothing merchandising, computer science, community health, electronics, food technology, and machine tool operation and repair. An additional 381 students will begin CASP programs in May and August 1988. The program is being expanded to include an institution in Florida and additional institutions in California, Iowa, and Wisconsin.

Follow-On Initiative

In January 1988 CASP began implementation of an experimental follow-on initiative with CASP graduates in Central America. This initiative is the final phase of training for CASP scholars. Its objective is to provide ongoing contact with North Americans and U.S. institutions and through such contact assure that CASP graduates have continuing support and other reinforcement to reach their leadership potential on the job and in the community. A second step within the follow-on initiative is formation of alumni associations in each participating country. Georgetown regional staff in Central America are responsible for providing training in personal, communication, leadership, organizational, and group skills for the members of the associations.

On March 4-6, 1988 221 CASP alumni from Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama gathered together for a regional conference in Antigua, Guatemala. The conference was planned to support the alumni in their efforts to organize national associations and renew ties of friendship among peace scholars and U.S. college representatives and friends. Twenty representatives from the participating U.S. institutions attended the conference at their own expense.

CENTRAL AMERICAN PEACE SCHOLARSHIP/PANAMA

Last year I was pleased to provide you with information about Georgetown's Central American Peace Scholarship Program/Panama. Under contract to the USAID Mission in Panama Georgetown University administers this scholarship program which brings Panamanian youth to the United States for study leading to undergraduate degrees in their selected fields of study and for experiences designed to deepen their appreciation for the social, spiritual, political and economic realities of our democracy. This we call "Experience America."

Our previous experience with the Central American Scholarship Program (CASP) urged our use of community colleges in the Panama program. It is our belief that community colleges have a unique potential for easing the students' transition from their countries to the competitive academic life at a U.S. university. Community colleges, also, we felt, have extraordinarily close interaction with local and regional organizations. This relationship provides a means to achieve the "Experience America" objective.

Given the current political unrest in Panama and the tension it brings to the relationship between Panama and the United States this Georgetown/CAPS/Panama scholarship program has taken on added importance. Investing in scholarships for young leaders from Panama has a positive potential for the political future of that important country.

We are pleased with the progress made in this program in its first 18 months. More than 250 scholars are now in the program. Collaborating community colleges have provided the personalized support we needed. Most students are completing their first two-years of study at these colleges and are transferring to four-year bachelor degree granting institutions to complete their program.

I must express Georgetown University's appreciation for the support of members of Congress and state and local level legislators for their personal involvement in the "Experience America" component of the program. Panamanian students have met with legislators from all levels of government as we program experiences to help them understand our democratic process. Senators Kasten, Kassebaum, Graham, Levin, D'Amato, and Moynihan have hosted Panamanian scholars in their Washington offices. Their time and support have brought a dimension to the program which we could not have achieved without their participation. I thank you all for your support.

Eighteen educational institutions located in different areas of the United States are participating in CASP during 1988/89:

Altoona Area Vo-Tech School
Altoona, Pennsylvania

Berkshire Community College
Pittsfield, Massachusetts

Bunker Hill Community College
Boston, Massachusetts

Coffeyville Community College
Coffeyville, Kansas

Eastern Iowa Community College
Davenport, Iowa

College of Santa Fe
Santa Fe, New Mexico

El Paso Community College
El Paso, Texas

King's River Community College
Reedley, California

Kirkwood Community College
Cedar Rapids, Iowa

Modesto Junior College
Modesto, California

Mount Aloysius Junior College
Cresson, Pennsylvania

North Central Technical College
Wausau, Wisconsin

St. Petersburg Community College
St. Petersburg, Florida

Tri-County Area Vo-Tech School
Bartlesville, Oklahoma

UWC - Marinette
Marinette, Wisconsin

UWC-Richland Center
Richland Center, Wisconsin

Waukesha County Technical College
Pewaukee, Wisconsin

West Hills College
Coalinga, California

HEMISPHERIC MIGRATION PROJECT

Three years ago, I presented to this subcommittee a plan for research on refugee and labor migration in the Americas, to be conducted under the auspices of the Hemispheric Migration Project (HMP) at Georgetown University. The Congress supported that plan, and we have testified as to our progress in each succeeding year. Because of funding shortfalls in FY 1987, however, we are now requesting $250,000 for FY 1989, the last year of the project, in order to recoup that shortfall.

A. Progress to Date

CENTRAL AMERICAN REFUGEES AND MIGRANTS

The focus of our recent efforts has been Central American refugees. We have been studying the conditions the refugees face in the region, as well as the prospects for their successful repatriation. The HMP has funded researchers in the major refugee-producing countries of El Salvador, Guatemala, and Nicaragua, and in the refugee-receiving countries of Costa Rica and Mexico. Among the findings of these studies, we could cite the following:

- The numbers of refugees and displaced persons in Central America is growing despite the best efforts of the Central American peace agreements. Nicaraguans now top the list and the new question of contra resettlement looms overhead.
- Asylum for Central American refugees in the region is illusive. Only one-third of the estimated total number of refugees receive assistance. And, asylum for Central Americans in Mexico is generally not available.
- The growing number of undocumented Central Americans in the region and in Mexico survive by forming tight social networks for mutual support. Through these networks they help one another find employment, housing, credit, and maintain a cultural and political link with their country of origin.
- The longer refugees remain outside their home countries, the more difficult, if not impossible, their return will be. As these refugees and migrants find employment and successfully build new

lives outside their countries, the more remote return appears to them.

- Those who do expect to return are indicating more and more that they will return to urban areas, not their rural communities of origin.
- For many Guatemalan and Salvadoran refugees whose lives have become so miserable in the camps, returning home is not as easy as wanting to do so. In addition to security concerns, real questions of livelihood have faced the vanguard of returnees. They find their ancestral lands have been distributed to others in their absence or their path home has been been blocked by military occupation of their lands. The shortage of jobs for those still at home has led the highest government officials to question how they can accommodate even small numbers of returnees.
- Additionally, the frequent treatment of returnees as somehow linked to subversive or guerrilla movements, not only has lacked basis in fact, but has continued the suffering and jeopardized the successful reintegration of refugees.
- On the economic side, one study in El Salvador has showed that remittances by Salvadorans outside their country are critical for sustaining the war-ravaged economy.

Other HMP studies now underway will provide policy makers with a sense of the mental health of displaced Central Americans. Researchers are examining whether the displaced maintain realistic expectations regarding their return or whether they have idealized the conditions that await them at home. Whether a new generation of children are likely to seek vengeance upon their return home is yet another pressing issue the researchers are exploring.

CARIBBEAN MIGRATION AND AGRICULTURAL DEVELOPMENT

National surveys conducted by HMP researchers in rural Jamaica and St. Lucia point to surprising, positive consequences of out-migration. In contrast to studies in other Caribbean countries, these surveys show that agricultural production, productivity and sales have increased among migrant farm households. It appears that migrant remittances are invested to a much greater degree in smallholder agriculture than is the pattern elsewhere in the Caribbean.

The challenge to policy makers in these two countries will be to find ways to multiply the benefits that can be gained from this investment of migrant remittances.

IMPACT OF RESTRICTIVE IMMIGRATION POLICIES ON MIGRANT SENDING COUNTRIES

The HMP has carried through on its commitment to explore the impact of restrictive immigration measures on major migrant-sending countries. Together with interested universities in Colombia and Jamaica, the HMP sponsored a series of forums in Bogota and Kingston on the impact of the 1986 Immigration Reform and Control Act (IRCA) for these two countries, respectively. Consultations were held with local policy makers, scholars, and U.S. consular officials. All generally agreed that the full impact of IRCA would not be seen until employer sanction provisions of the law were fully implemented. Nonetheless, participants did not note any rise in return migration as a result of the new law.

CONGRESSIONAL COMMISSION FOR INTERNATIONAL MIGRATION

With its network of scholars and experience with international migration research in Latin America and the Caribbean, the HMP has been collaborating with the Commission for the Study of International Migration and Cooperative Economic Development, mandated by IRCA. This collaboration is allowing the HMP to extend its refugee and labor migration research by jointly funding studies on the development impacts of international migration on the Caribbean Basin.

B. Wrap Up

POLICY ANALYSIS AND DISSEMINATION

In the final year of the HMP, we will encourage discussion of the implications of international population flows among a broad policy audience in the United States.

We will commission policy analyses and conduct briefings on the implications for U.S. foreign and immigration policies of our Latin American and Caribbean research. The analyses will cover the role of U.S. assistance in the care of refugees in Central America and the reintegration of populations displaced internally by civil conflict, among other issues. We will analyze the prospects for effecting the successful repatriation of Central Americans and recommend an appropriate U.S. response.

The policy briefings will be conducted with staff and members of Congress, as appropriate, officials of the Department of State, other interested Executive branch agencies and international organizations, as well as the Washington foreign diplomatic corps. The embassy community, in particular, has indicated the usefulness of the HMP research for policy decisions at home on refugee and migration matters.

The final research findings from previously funded HMP studies will be published in the HMP's Occasional Paper Series which is disseminated in the policy and academic communities in the United States and Latin America.

Finally, during the last year of the HMP, we will encourage the continued development of labor migration and refugee studies in universities and research institutes, such as the University of the West Indies, Universidad de los Andes, and the Consejo Superior Universitario Centroamericano, which the HMP has been funding. This has been a prime goal of the project since its inception. By facilitating the contact between scholars at these institutions and U.S. private foundations, we hope to ensure the continued support for research in this important policy field beyond the life of the HMP.

HEALTH CARE FOR DISPLACED PERSONS AND REFUGEES
AN INTERNATIONAL SYMPOSIUM

A year-long series of events beginning in September 1988 has been planned to celebrate Georgetown University's Bicentennial. This Subcommittee will be particularly interested in the International Symposium on Health Care for Displaced Persons and Refugees which will take place December 4-7, 1988 at the Sheraton Washington Hotel. The Symposium will be co-sponsored by the United Nations High Commissioner for Refugees; the State Department's Bureau for Refugee Programs; the World Health Organization; the International Organization for Migration; the United Nations Development Programme; the U.N. Relief and Works

Agency for Palestine Refugees in the Near East; the Pan American Health Organization; Centers for Disease Control, U.S. Public Health Service; National Council for International Health.

Interest in organizing the Symposium was sparked by the collaborative effort of Georgetown University's Medical Center and the Center for Immigration Policy and Refugee Assistance to arrange for medical student volunteers to provide health services to refugees in Thailand. That program, which at different times has been funded by different sponsors including the Bureau for Refugee Programs and Catholic Relief Services is now supported entirely by the University and a local foundation.

The Symposium will bring together outstanding participants from the worlds of research and public health and from the refugee relief community. A draft schedule of events is attached.

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CAPS/Panama Tuition Reductions

SCHOOL	AMT. PER YEAR	NO. OF YEARS
Boston University	$16,000 ($8,000 x 2 students)	4 years
University of Bridgeport	$2,040	3 years
Clarion University *	$4,308 ($1,436 x 3 students)	4 years
Drake University **	$1,500	4 years
Georgetown University	$4,400	2-3 years
Macalester College	$5,000	4 years
Marquette University	$2,000 ($1,000 x 2 students)	3 years
Slippery Rock University	$1,436	3 years
Widener University	$ 903 ($301 x 3 students)	3 years
University of Wisconsin/Wausau ***	$2,400 $13,396 ($778 x 17 students)	Summer 1987 1987-88

* Clarion University offered a total of five tuition reductions.

** Student decided to attend another university.

*** 17 students attend the University of Wisconsin/Wausau.

Senator INOUYE. Is Henry Walther here, President of the United States Defense Committee?

[No response.]

Senator INOUYE. Is Mr. Tom Dine, Executive Director, and Douglas Bloomfield, Legislative Director, of the American Aisrael Public Affairs Committee here?

[No response.]

NEW MEXICO STATE UNIVERSITY

STATEMENT OF DR. HAROLD MATTESON, ASSISTANT VICE PRESIDENT, INTERNATIONAL PROGRAMS, NEW MEXICO STATE UNIVERSITY

AGRICULTURAL COUNTRY DEVELOPMENT

Senator INOUYE. Dr. Harold Matteson, Assistant Vice President for International Programs at the New Mexico University.

Welcome, sir.

Dr. MATTESON. First let me indicate, I appreciate the opportunity to testify on behalf of the National Association of Land Grant Universities and its 149 member institutions. The Land Grant Association includes many of the outstanding public higher education institutions in the United States, as well as 17 historically black 1890 land grant colleges.

Collectively, these institutions have contributed significantly to the development assistance programs overseas for almost four decades.

As a constituent group, we have supported the U.S. development programs in other areas, but we wish to focus our comments on an area in which the U.S. land grant system offers a unique resource and an historical record of significant achievement, and that is the area of agricultural country development.

As Chair of the land grant budget committee for international agriculture, I have had an opportunity to study AID's programs and budgets for the last few years. Based on this analysis, I would like to express my concern regarding two trends which have been occurring during these past few years.

First, there has been a significant decline in the percentage of development assistance budget which is being allocated to the agricultural rural development accounts. For example, in fiscal year 1980, 54 percent of development assistance funds were allocated to this account, while in the fiscal year 1989 request, only 40 percent was allocated to the 103 account.

We recognize the importance and need for such programs as population, child survival and family planning. We also recognize, however, that the agricultural development is necessary to support and sustain the accomplishments of these programs.

It does not make sense, for example, to prevent the death of babies and young children through an oral rehydration program if they do not have adequate food and diet to prevent starvation or debilitating diseases.

We are also concerned by this trend because we believe that the agricultural sector is the engine that drives overall economic growth and development in these Third World countries. Therefore, investment in agricultural development in these countries is an investment in overall economic growth and development.

The second trend has been the continued decline in agricultural institution development projects funded by AID. We in the Title XII community believe that the core of any effective agricultural development program must include the development or improvement of those institutions which are responsible for agricultural research, education, policy, and technology transfer.

In addition, at least in the early stages, a relevant participant training program is necessary for the preparation of scientists and administrators who will ultimately work in these institutions.

We believe the success of the institution building strategy, where we basically help poor countries help themselves, is quite evident in several countries in Asia and Latin America.

For example, the increase in India's agricultural productivity can be related to the contribution made by India's agricultural research and extension institutions and to the colleges which trained agricultural scientists and administrators for these institutions.

The current strength and effectiveness of these institutions can be directly related to the U.S. AID programs in the 1960's and 1970's, when the Title XII universities were working cooperatively with several Indian universities and research institutions.

Similar success stories can be seen in Indonesia, Brazil, Taiwan, and South Korea. We believe the lesson of history is quite clear when our country has committed itself to a long-term effort of developing institutions for agricultural research, technology transfer, and agricultural policy and education.

In these instances, agricultural and economic development has been impressive and generally sustainable. It is for this reason that we are concerned with the current emphasis on short-term projects and activities which have short term payoffs.

FISCAL YEAR 1989 BUDGET FOR AID

In the fiscal year 1989 request, for example, only 5 percent of the new projects proposed by AID will be long term institutional building projects. We believe this imbalance in AID's portfolio must be corrected if a sound development assistance program is to be implemented.

Because of our belief in the importance of developing key agricultural institutions, we are asking for your support in two key program areas. The first is the program for development or improvement of selected agricultural institutions in Africa.

If we are convinced that the development of key agricultural institutions in Asia and Latin America greatly assisted in the agricultural development and economic growth in these regions, it would seem logical that the development of key agricultural institutions in Africa could have similar results.

To date, our country has not made substantial long term commitments of this type to Africa. While some programs are under way, we believe they are significantly underfunded. More importantly, we believe that an integrated 10-year program for the development of African universities is greatly needed.

We believe that BIFAD, with the assistance of the Title XII universities, could assist in the development of such a plan and a minimum of four new projects should be identified to begin in fiscal year 1989.

The second key program we ask you to support is in sustainable agriculture. During the past few years, we have become more aware and more concerned that continued environmental degradation and deterioration of the natural resource base is beginning to seriously threaten the long-term sustainability of agricultural systems on which much of the developing world depends for its food supply.

Given this concern, BIFAD appointed a task force to examine this important issue and develop a strategy for the resolution of this problem.

The task force was headed by Dr. Gerald Thomas, President Emeritus of New Mexico State University, and included representatives from the environmental community.

As we read this report, it became very clear that the task force supports our belief that the development of viable indigenous institutions and the human resource capacity which can generate and transfer technology which is relevant from both the environmental and productive standpoint is a major factor for sustainable agricultural development in Third World countries.

PLIGHT OF THIRD WORLD COUNTRIES

In conclusion, given the ever-increasing interdependent world in which we live, the economic plight of the Third World countries is not only their problem, but it is also our problem. Since the economies of these countries are heavily dependent on the agricultural sector, our country needs to provide a development assistance program which has the greatest probability of improving the agricultural sector on a long term sustainable basis.

We believe there is clear evidence that a major component of this program must include the development of key agricultural institutions which are responsible for agricultural policy, research, training, and technology transfer.

We in the Title XII community believe we are uniquely qualified to assist in this endeavor. We stand ready to help in any way we can in this very important task.

[The prepared statement of Dr. Matteson follows:]

Testimony Offered

by

Dr. Harold Matteson, Assistant Vice President
International Programs
New Mexico State University
Las Cruces, New Mexico

Chair, National Association of State Universities
and Land-Grant Colleges (NASULGC)
International Agriculture Budget Committee

on behalf of the
National Association of State Universities
and Land-Grant Colleges

I appreciate the opportunity to testify on behalf of the National Association of State Universities and Land-Grant Colleges (NASULGC) and its 149 member institutions. The Land-Grant Association includes many of the outstanding public higher education institutions in the U.S. as well as the 17 historically black 1890 land-grant colleges. Collectively, these institutions have contributed significantly to the U.S. development assistance programs overseas for almost four decades.

As a constituent group, we have supported U.S. development programs in a number of areas, but wish to focus our comments on an area in which the U.S. land-grant system offers a unique resource and an historical record of significant achievement. That is the area of agricultural development.

As chair of the NASULGC Budget Committee for International Agriculture, I have had an opportunity to study AID's programs and budgets. Based on this analysis, I would like to express my concern regarding two trends that have been occurring during the past few years.

First, there has been a significant declined in the percentage of the development assistance budget which is being allocated to the Agricultural, Rural Development and Nutrition Account (ARDN). For example, in FY 1980, 54 percent of development assistance funds were allocated to the 103 ARDN Account, FY 1989 request, the figure decline to 40 percent.

We recognize the importance and need for such programs as population, child survival and family planning. We also recognize, however, that agricultural development is necessary to support and sustain the accomplishments of these programs. It doesn't make sense, for example, to prevent the death of babies and young children through an oral rehydration program if they do not have adequate food and proper diet to prevent starvation or debilitating diseases.

We are also concerned by this trend because we believe that the agricultural sector is the engine which drives overall economic growth and development in these Third World countries. Our investment in agricultural development in these countries is an investment in their overall economic growth and development.

The second trend has been the continued decline in agricultural institution development projects funded by AID. We in the Title XII community believe the core of any effective agricultural development program must include the development or improvement to those institutions which are responsible for agricultural policy, research, education and technology transfer. In addition, at least in the early stages, a relevant participant training program is necessary for the preparation of scientists and administrators who will ultimately work in these institutions.

We believe the success of the institution building strategy, where we basically help poor countries help themselves, is quite evident in several countries in Asia and Latin America. For example, the increase in India's agricultural productivity can be related to the contribution made by India's agricultural research and extension institutions and to the agricultural colleges which trained agricultural scientists and administrators for these institutions. The current strength and effectiveness of these institutions can be directly related to USAID programs in the 1960's and 1970's when Title XII universities were working cooperatively with several Indian universities and research institutions.

Similar success stories can be seen in Indonesia, Brazil, Taiwan, and South Korea. We believe the lesson of history is quite clear when our country has committed itself to a long-term effort of developing institutions for agricultural research, technology transfer, and agricultural policy and education. In these instances, agricultural and economic development has been impressive and generally sustainable.

It is for this reason that we are concerned with the current emphasis on short-term projects and activities which have short-term payoffs. In the FY 1989 request, for example, only five percent of the new projects proposed by AID will be long-term institutional building projects. We believe this imbalance in AID's portfolio must be corrected if a sound development assistance program is to be implemented.

Because of our belief in the importance of developing key agricultural institutions, we are asking for your support in two key program areas. The first is the program for development or improvement of selected agricultural institutions in Africa. If we are convinced that the development of key agricultural institutions in Asia and Latin America greatly assisted in the agricultural development and economic growth in those regions, it would seem logical that the development of key agricultural institutions in Africa could have similar results.

To date, our country has not made a substantial long-term commitment of this type to Africa. While some programs are underway, we believe they are significantly underfunded. More importantly, we believe an integrated 10-year program for the development of African universities is greatly needed. I believe that BIFAD, with the assistance of the Title XII universities, could assist in the development of such a plan and a minimum of four new projects should be identified to begin in FY 1989.

The second key program we ask you to support is in sustainable agricultural. During the past few years, we have become more aware and more concerned that continued environmental degradation and deterioration of the natural resource base is beginning to seriously threaten the long-term sustainability of agricultural systems on which much of the developing world depends for its food supply. Given this concern, BIFAD appointed a Task Force to examine this important issue and develop a strategy for the resolution of this problem. The Task Force was headed by Dr. Gerald Thomas, President Emeritus of New Mexico

State University, and included representatives from the environmental community.

First, and probably most important among their recommendations, is that the addition of the environmental component to Agricultural development assistance programs will require a much longer time frame than in the past. The short-term perspective of development programs has long been a problem, particularly in identifying and planning to avoid consequences that do not appear for several years. It is even more true in dealing with environmental and natural resource degradation problems. Other recommendations of the report expressed the need for building institutional and human resource capacity and developing new and more effective technology applicable to the African environment and condition.

The Task Force clearly supports our belief that the development of a viable indigenous institutional and human resource capacity which can generate and transfer relevant technology is a major factor for sustainable agricultural development in Third World countries.

In conclusion, given the ever-increasing interdependent world in which we live, the economic plight of the Third World countries is not only their problem, but also our problem. Since the economies of these countries are heavily dependent on the agricultural sector, our country needs to provide a development assistance program which has the greatest probability of improving the agricultural sector on a long-term sustainable basis. We believe there is clear evidence that a major component of this program must include the development of key agricultural institutions which are responsible for agricultural policy, research, training and technology transfer. We in the Title XII community believe we are uniquely qualified to assist in this endeavor. We stand ready to help in any way we can in this most important task.

NASULGC ACTIVITIES WITH STATE AND AID

Senator INOUYE. Thank you very much.

How successful have you been in your dealings with AID and the State Department?

Mr. MATTESON. I think that is a mixed bag. Personally, I felt fairly good about our relationship, but I know there are some cases that they have tremendous pressures on them. They have earmarks, they have constituent groups that are putting pressure on them.

So many times we feel that, particularly in the area in which I'm talking about, the institutional development, that they have gone away from putting funds, the amount of funds we feel that they should, in the areas that I suggested and put more in the short-term capital transfer. cash transfer types of projects.

What we are saying is we understand the pressures that they are under to respond to these requests, but there needs to be greater balance in the portfolio between the short-term quick fix type projects and the long-term institutional development projects.

Senator INOUYE. Well, I thank you very much.

Is Henry Walther here?

[No response.]

AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

STATEMENT OF THOMAS A. DINE, EXECUTIVE DIRECTOR, AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

ACCOMPANIED BY DOUGLAS M. BLOOMFIELD, LEGISLATIVE DIRECTOR, AIPAC

SUPPORT OF BUDGET FOR ISRAEL

Senator INOUYE. Our next witness is the Executive Director of the American Israel Public Affairs Committee, Thomas Dine.

It is good to have you with us.

Mr. DINE. Thank you, Mr. Chairman.

I appreciate this opportunity to testify before this distinguished subcommittee. I want to thank you personally, Mr. Chairman, as well as the ranking minority member, Senator Kasten, for your understanding and strong backing of Israel and the United States-Israel relationship.

AIPAC supports the fiscal year 1989 foreign assistance appropriation bill, and in particular continued levels of aid for the two Camp David countries.

Why $1.2 billion in economic assistance and $1.8 billion in military assistance to Israel? There are several reasons. First is the record of Israel's accomplishments in its first 40 years of modern statehood, which are, as many said on the floors of the House and Senate in April, miraculous.

Also, a safe haven for Jews after centuries in exile, and within a few short years after the Holocaust: absorption of 2 million people from at least 70 different countries; a vibrant democratic society in which the rule of law prevails; scientific and technological advances in agriculture, medicine, industry, information; flourishing institutions in the arts, architecture, education, music, publishing, and social welfare.

A military that remains citizen-based; survival despite wars and the continuing lack of acceptance and recognition by its neighbors, except for Egypt.

American aid is a definite part of this success story.

Second is Israel's acknowledgment of its unfulfilled political, economic, and social goals, and the desire to overcome the gaps, including peaceful coexistence with the surrounding Arab community.

American support I believe is critical to helping Israel's leadership and next generation to face the country's imperfections and dealing directly with its most pressing problems.

Overall, when all is said and written, in the words of Abba Eban, "Israel's rebirth is a great and noble adventure, an adventure still in a state of being."

Third is Israel's strategic value to the United States and the western world. This part to the answer of why aid is laid out in great detail, Mr. Chairman, in my testimony submitted for the record.

Fourth is the peace process. Since January, AIPAC has backed Secretary of State Shultz's active involvement in attempting to fashion a political settlement to the Israeli-Palestinian conflict. Without this outcome, there can be no enduring solution to Israel's security.

At the core of the settlement is a consistently close and strong relationship between the United States and Israel which serves the higher interests of both countries. It is critical to Israel's security. It is the bedrock of the peace process itself.

United States support for Israel, political, economic, and military, are essential ingredients of our foreign policy. I come before you this morning, Mr. Chairman, in these troubled times in the Middle East, a region racked with tension points, unrest, and violence from Afghanistan to Mauritania, to urge this subcommittee to fully fund aid to Israel. The program helps to maintain Israel's qualitative military edge, keeps Israel on the road to economic recovery and growth, and underpins Israel's physical and psychological security as the country searches for direct negotiations and a secure peace with their neighbors.

Thank you.

Senator INOUYE. Mr. Dine, thank you.

Mr. Bloomfield, do you have anything to add?

Mr. BLOOMFIELD. No, sir.

Senator INOUYE. Once again, I thank you for your contribution. I would like to assure all witnesses that the full text of your statement will be made a part of the record, and we will do our best, sir.

Mr. DINE. Thank you, sir.

[The prepared statement of Mr. Dine follows:]

STATEMENT BY
THOMAS A. DINE, EXECUTIVE DIRECTOR
AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE (AIPAC)

Thank you, Mr. Chairman, for the opportunity to testify before this distinguished Subcommittee on behalf of aid to Israel. Appearing with me is Mr. Douglas Bloomfield, AIPAC's Legislative Director. The American Israel Public Affairs Committee (AIPAC) appreciates the opportunity to express its views on the proposed Foreign Assistance Act for FY 1989 and the importance to the United States of relations with Israel.

AIPAC is a domestic organization of American citizens who value a strong partnership between our country and Israel. On our Executive Committee sit the presidents of the 44 major American Jewish organizations representing more than four and one-half million active members throughout the United States.

The FY 1989 foreign assistance appropriations request of the Administration reflects vital needs for U.S. foreign policy. It addresses current circumstances in key global spots; it is fiscally responsible; it tries to redress some of the severe cuts in the 150 budget function over recent years. Economic and military aid serves our national interest--both at home and abroad. Your efforts Mr. Chairman, and those of this Subcommittee, to build a bipartisan, constructive coalition to protect and advance the foreign assistance program deserve special mention and thanks.

I particularly wish to acknowledge and express appreciation for the pivotal role played by Senators Inouye and Kasten in the passage last December of legislation to relieve the debt burden of U.S. allies with outstanding high interest FMS loans. Israel and Egypt in particular stand to benefit from this new opportunity. I applaud the efforts of this Subcommittee which has gone the extra mile in advancing this important program and ensuring that it is fully implemented.

The situation in the Middle East in general and in Israel in particular has become more difficult since I last testified on behalf of foreign aid a year ago. Therefore, I consider it especially important under the circumstances not to lose sight of basic facts. The United States has a particular moral and strategic interest in Israel, the one democracy and our only reliable ally in the Middle East. It is the only country in the region with meaningful free elections, a robust free press, checks and balances to prevent and correct abuses of authority, extensive protections for the rights of individuals and minorities, basic equality for women, and other safeguards and rights that are typical of a free society. It stands in sharp contrast to other countries of the region, which include feudal monarchies like Saudi Arabia, where all power is permanently concentrated in the hands of a few wealthy princes and where average citizens are under constant surveillance by the religious police and internal security forces; dictatorships like Iraq, where the government has evicted as many as 500,000 Kurdish citizens from their homes in a raze-and-destroy campaign; or radical fundamentalist regimes like Iran, which terrorizes its minorities, suppresses its middle class, and ships off its youth to be slaughtered in a meaningless war.

Mr. Chairman, this spring Israel celebrated the fortieth anniversary of its independence. I think it is all the more remarkable that despite four decades of war, terrorism, and violence, despite its isolation in the region and vilification in the United Nations, Israel remains firmly committed to our shared values of democracy and human rights. Like the United States, Israel is a country of immigrants --many of them survivors of the Holocaust, others refugees fleeing persecution in Arab and Moslem states-- who were able to transform a land of swamps and deserts into lush agricultural fields and advanced technological industries even in the face of relentless adversity. To be sure, Israel has its flaws. Israelis are the first to point them out. But on the whole, Israel is one of the democratic world's great success stories.

Indeed, Israel's rebirth and survival have meaning for freedom-loving people everywhere, as Israel Ambassador to the United Nations so eloquently stated before his recent retirement:

> The Jewish people have fought for 3,000 years for their place under the sun. They've fought in a battle of unsurpassed pain and unsurpassed triumph. In this 40 years we've had the compression of the Jewish people's greatest tragedy and the compression of its greatest triumph. We came out of the grave where every third Jew was slaughtered and then we crawled back and were able to roll back a tide of armies and liberate our ancient capital and rise up and stand....We refused to die and came back to life and this is a celebration not only important to Israel and to the Jewish people because it is a symbol of the battle that is really going on today in the world. What kind of future do we want? The future of the Qaddafis and the Khomeinis and the Arafats--or the future of something else? This is what we're celebrating.

In public opinion poll after poll for 40 years, the American people have resoundingly reaffirmed their sympathy for the Jewish state and their conviction that Israel is a democratic ally whose security and well-being are vitally important to the United States. Indeed, a Penn and Schoen poll conducted in May 1988 confirmed yet again that Americans favor U.S. support to Israel over the Arabs by a margin exceeding four to one. Martilla and Kiley's April 1988 poll found Americans sympathize with Israel by a margin of six to one. The absolute amount of our aid to Israel is substantial, but it is comparatively one of the most cost-effective investments that the United States makes in support of its common interests. U.S. expenditures in support of our European allies in NATO, for example, are more than 40 times the size of our aid to Israel. And we get a good return on our money to Israel.

Mr. Chairman, we are meeting at a time when the relationship between the United States and Israel is steadfast and strong. There is a deep, broad-based partnership; a full-fledged political and military alliance continues to develop.

First and foremost, Mr. Chairman, the United States and Israel are partners for peace. Secretary of State Shultz has now returned from his fourth shuttle mission to the region. We are gratified by the close consultation between Secretary Shultz and Israel's prime minister and foreign minister in the search for the best vehicle to that goal. It sets a standard for future Administrations.

Both Premier Yitzhak Shamir and Foreign Minister Shimon Peres have extended the hand of friendship to King Hussein, repeatedly calling on him to enter direct negotiations without preconditions on the basis of United Nations Resolutions 242 and 338. In an effort to meet the King's need for international accompaniment, Prime Minister Shamir proposed a meeting in

Washington under superpower auspices at the time of the Reagan-Gorbachev summit in December 1987. King Hussein refused the offer.

The on-going violent demonstrations in the West Bank and Gaza have given added urgency to the search for peace. Israel's first priority is understandably to restore order. The Government of Israel explored extensively arrangements for interim measures leading to final status negotiations. And while there are differences of opinion within the National Unity Government on the specifics of the American proposals now on the table, there is consensus on the need to begin a real negotiating process. Moreover, Israel's leaders agree that this process must include Palestinians from the West Bank and Gaza together with Jordanians. Unfortunately, the Palestinians in the territories have failed to articulate a realistic political agenda, choosing instead to adhere to the PLO's rejectionist stance and to a policy of violence. Indeed, it appears that the Arab world, with the exception of Egypt, has yet to resolve "whether," rather than "how" to make peace with Israel. As King Hussein expressed it at last week's Arab League Summit in Algiers, Arab aid should be forthcoming not only to the PLO but also to Jordan and Syria because they are "all in direct confrontation with Israel."

AIPAC supports the Reagan Administration efforts to promote the peace process. However, progress in the peace process depends upon an atmosphere of cooperation and trust, while shunning confrontation with Israel. In this context, the April 1, meeting between Secretary of State Shultz and two members of the Palestine National Council, the PLO's highest policy-making body, constitutes an erosion in America's commitment, enshrined into law, not to deal with the PLO unless and until it recognizes Israel's right to exist, accepts UN Resolutions 242 and 338, and renounces terror. Such a meeting encourages the rioters and the Arab states to believe that violence is rewarded by a U.S. response and that they have but to continue throwing rocks and molotov cocktails in the West Bank and Gaza to move the PLO into center stage in the negotiations. Moreover, it encourages the perception that it is possible to drive a wedge between Washington and Jerusalem. This is precisely the wrong message to send to encourage an Arab interlocutor to be forthcoming.

Since 1983, the Government of Israel has continued to work closely with Secretary of State Shultz in adopting tangible measures to improve the quality of life for the inhabitants of the West Bank and Gaza--permitting the opening of Arab bank branches in three West Bank towns; granting increased numbers of family reunification permits; expanding the territories of 15 West Bank towns, and, most important, completing the return of the reins of municipal government to the local Arab inhabitants. These measures, which until recently were coupled with King Hussein's ambitious West Bank development plan, were directed toward nurturing a stable Palestinian leadership in the territories with a stake in coexistence with Israel and Jordan. When order is again restored in the territories, quality of life projects with visible political potential could become a vital building block toward peace. AIPAC strongly supports increased U.S. funding to the West Bank development plan and calls upon our European allies and Japan to contribute substantially as well.

But to achieve peace and maintain it requires strength, particularly in the Middle East where the forces of radicalism must be deterred. In this area, too, the United States and Israel are strategic allies.

For the second year, Israel has been named as a Major Non-NATO Ally of the United States, along with Japan, South Korea, Australia, and Egypt. This Congressional provision, signed into law by President Reagan in the FY 1987 Defense Authorization bill, will continue to enable the two nations to expand the scope of strategic cooperation. This is not an area of special benefits, grants or loans. Rather, it is a logical extension of the alliance which has blossomed since November 1983 when the United States and Israel enunciated the policy of expanding cooperation, particularly joint military planning and exercises, to meet threats to mutual interests in the Middle East and the eastern Mediterranean.

On April 21, 1988, the United States and Israel signed an historic Memorandum of Agreement (MOA) institutionalizing the strategic cooperation agreements of the past five years. The MOA serves as a fundamental building block in our strategic partnership with Israel, which has to date been broad and wide ranging.

Israel has participated in joint naval exercises with the Sixth Fleet designed to strengthen U.S. antisubmarine warfare capabilities in the eastern part of the Mediterranean Sea. It has provided access to its ports for regular ship visits by the Sixth Fleet. Indeed, when the President ordered a naval task force to the Persian Gulf last year, elements of that fleet, led by the carrier USS John F. Kennedy, called on the port at Haifa. U.S. naval operations in the Gulf have been greatly assisted by use of the Israeli-made "Pioneer" remotely-piloted vehicle deployed on the battleship U.S.S. Iowa. This pilotless drone has proved instrumental in conducting reconnaissance and surveillance, and has been described as a "tremendous success" by the Navy.

Israel makes facilities available for the storage and maintenance of U.S. materiel for American use in a conflict. Until this month, it provided Kfir aircraft at no charge to the U.S. Navy's Aggressor Squadron and to the U.S. Marine Corps to help train American fighter pilots. It has provided access to bombing ranges in the Negev desert for training exercises for U.S. Navy fighter pilots. It has engaged in military training exchanges with the U.S. Marines. It has staged joint military exercises with American special anti-terrorist forces. These cooperative military efforts have proved mutually beneficial and will be continued and expanded as the overall strategic relationship continues to grow.

Israel has entered into formal arrangements to provide access to its sophisticated hospital facilities for U.S. military casualties in a conflict. These facilities have already been used to treat U.S. personnel injured in the bombing of the U.S. Embassy Annex in east Beirut and on several other occasions.

Israel has shared with the United States the lessons of its combat experience in Lebanon, where Israel successfully used American equipment against Soviet weapons. It has undertaken joint research and development projects with the Pentagon to build on the technological expertise acquired from decades of conflict. Last December, Secretary of Defense Frank Carlucci and Defense Minister Rabin signed a Memorandum of Understanding enhancing Israel's ability to participate in joint defense R & D efforts with the U.S.. The Army, Navy, Air Force and Marines continue to express high interest in testing and procurement of Israeli defense systems. Indeed, Israeli technology accounted for over half of the funds in FY 88 for evaluation of items from Major Non-NATO Allies.

Israel is also one of only a few countries--including Great Britain, West Germany, and Japan--to sign a Memorandum of Understanding (MOU) on mutual threat and the benefits of cooperation and shared technology in the Strategic Defense Initiative and has already been awarded several SDI contracts. Specifically, Israeli technology will be key to the successful development and deployment of an Anti Tactical Ballistic Missile (ATBM) system. ATBM has become an increasingly vital priority for the U.S. in the wake of the signing of the INF treaty.

But Israel's role as an ally of the United States goes well beyond the confines of military cooperation in the Middle East.

At the United Nations, Israel voted with the United States on 80 percent of the General Assembly resolutions introduced in the 42nd session, the highest rate of cooperation of any country in the world, higher even than Great Britain or Canada. This contrasts with 31 percent for Turkey, and 35 percent for Greece--America's NATO allies in the eastern Mediterranean. It also contrasts with 14 percent for Egypt, 12 percent for Saudi Arabia, and 13 percent for Jordan--and the Soviet Union's 10 percent record.

In the information war, Israel agreed several years ago to an American request to proceed with plans to install a Voice of America transmitter in the Negev desert to enhance American broadcasts to Soviet Central Asia, Afghanistan, and Eastern Europe, at the risk of worsening the plight of Soviet Jews. By contrast, two of America's NATO allies, Greece and Turkey, refused to host the VOA transmitter because of their unwillingness to endanger their relations with Moscow. Reportedly, Oman also turned down an American request.

Moreover, at a time when American exports are meeting protectionist trade barriers erected by our closest allies and trading partners, Israel signed the historic Free Trade Area agreement, making it the only country in the world to abolish virtually all trade barriers with the United States and paving the way for similar agreements with other countries, like Canada.

And so, Mr. Chairman, in the peace process, in strategic cooperation, in the diplomatic arena, and on the trade front, Israel is today one of our foremost partners in the world, working with the United States toward regional and global security.

Israel and the United States have also cooperated in other bold initiatives over the past three years. Working together, they have successfully undertaken to rescue Israel's economy from the severe distress it was suffering just three years ago.

Israel has demonstrated how U.S. foreign assistance, in combination with strong and well-conceived corrective measures in the economy, can turn economic distress into an opportunity for recovery. Those who questioned the large injection of economic aid warned it could prevent Israel from instituting the tough austerity measures which could not be avoided. Israel's experience clearly challenged this notion. U.S. assistance to Israel has made a concrete difference in Israel's struggle to regain economic stability, and has been accompanied by some of the toughest austerity measures ever imposed by a democracy in a compressed period of time. The battle is far from over, but a good beginning has been made.

Three years ago, Israel was hemorrhaging economically. Years of shouldering the enormous defense burden imposed by Arab hostility, and the accumulated result of the dependence on imported raw materials and fuel for Israel's industry--to say nothing of the continuing cost of absorbing waves of destitute immigrants and providing them with the full range of social welfare services--had led to extensive borrowing and a huge foreign debt. Foreign reserves plummeted below $3 billion to the perilous "red line" of $2 billion. At the same time, inflation was raging at 450 percent per year, and in one month reached an annual rate of 800 percent. The government was running a deficit equivalent to 17 percent of the Gross National Product.

Then something unusual happened. Within Israel, the many parties and different schools of thought pulled together, and decided that the higher national interest required them to put aside their differences and work in a united fashion for national economic recovery. Equally important, the Government of the United States, and particularly Secretary of State George Shultz and the U.S. Congress, stepped forward and in the spirit of a true ally, offered the hand of assistance in a time of trouble.

In 1987, Israel experienced the rewards of the tough economic measures the government has taken in recent years. Inflation reached its lowest annual rate in 15 years, falling to 16 percent and setting the background for renewed economic growth. After five years of slow growth in gross domestic product--of about 2 percent annually--Israel's GDP grew a robust 4.6 percent.

While the policy of stabilizing the exchange rate of the shekel resulted in a decline in the profitability of exports, nevertheless, the value of exports increased by a remarkable 18 percent. Israel's foreign currency reserves have recovered from the perilously low level of 1985, and at the end of 1987 stood at an all time high of over $5 billion.

The Congress, the people, and the President of the United States were partners in this process also, because a critical ingredient of the recovery program was U.S. economic assistance. U.S. aid provided the critical "safety net" to stop the decline of foreign reserves and restore confidence in Israel's economy. This in turn prevented a crisis in which Israel would have become more dependent on high-interest rate, short-term borrowing in the international financial market. Aid made it possible to bring Israel's international financial position back under control.

U.S. aid was also essential to prevent massive unemployment from overwhelming the economic recovery program, which might have destroyed public support for the steps required for recovery. Israel's unemployment increased to very high levels--at one point even reaching 8.3 percent, but the trend would have been worse still without U.S. assistance. In the first half of 1987, the unemployment rate fell to 5.8 percent. However, at one point during the latter half of 1987, unemployment swung back up to nearly 7 percent. There is little doubt that the courageous decision to cancel the Lavi program, which forced the layoff of thousands of workers, contributed significantly to this figure. The overall trend in unemployment is down, with the employment rate averaging 6.2 percent for 1987.

U.S. supplemental assistance bought Israel the time to implement the necessary structural changes in its economy. It has been a critical and indispensable ingredient in the progress made by the Government of Israel toward restoring economic health.

1987 was also an important year in the Israeli government's efforts to tackle a number of economic issues. Progress was made in capital market reform, such that in 1988 the Tel Aviv Stock Exchange will have increased potential for raising money on the part of the business sector. Moreover, strictly enforced guidelines for the conduct of private securities have been instituted. Israel continued to move down the long road of privatizing government-owned companies. A major U.S. financial institution, First Boston Corporation, was retained by the Israeli government to develop a strategy in this regard. First Boston recently presented its conclusions to the Israeli Government. The reaction of the Finance Ministry is enthusiastic. Efforts are now being made to implement this privatization strategy. Finally, the Israeli Finance Ministry instituted significant tax reforms in 1987. On the budget front, the Israeli government approved substantial spending cuts for 1988, including the elimination of price controls on basic goods like bread and chicken.

In these challenging times, Israel is fortunate to have its economic policy shaped by Finance Minister Moshe Nissim, whom opinion polls have shown to be the most popular Finance Minister in Israel's history. Finance Minister Nissim described his mission during a visit to Washington last October:

> The trend of the economic policy that I have outlined is to gradually create a new climate for the Israeli economy, turning it into a flourishing economy in which, in the long term, it will be possible to achieve a higher level of welfare, price stability and political stability. Its practical application, however, requires both economic and political efforts to put the economy on the runway prior to taking off into renewed growth, lest we revert to a period of inflation and stagnation. I should like to think that we will make it.

The United States has a vital interest in Israel's economic recovery for several reasons. First, the economic health of our major allies and fellow democracies is inherently a vital interest for the United States, because in a very profound sense, the free nations stand or fall together. Second, the economy of Israel is the bedrock of the nation's ability to sustain its own defense, and for this reason Israel's economic health is essential to the stability of the region. And third, it is a vital interest of the United States to ensure that Israel continue on the path of economic growth and self reliance. This is something we can do, and for our own interest, must do.

The challenge for the United States, and for this Subcommittee, as we look to the year ahead, is to continue a program that is working, and to take the steps that are necessary to reinforce and indeed accelerate the recovery to which the United States has already contributed so much. The foreign assistance program before you is truly an investment in Israel's future.

Beyond the challenge of economic recovery, the program before you is essential for a second reason. This is the fact that our assistance to Israel over the coming year will have a critical impact on the security of the Jewish state.

In past years, we have related to this committee a bleak description of the erosion in Israel's margin of security. This has resulted to a great degree from the very financial and budgetary austerity measures that were necessary to rescue Israel's economy. Regrettably, that assessment, while improving, still captures the essence of the situation. Indeed, the effects of recent years' defense budget cuts will continue to be felt well into the 1990s.

The austerity measures cut Israel's defense spending by about 20 percent in a two year period--one of the largest reductions ever imposed by a democracy in so brief a timespan. While Israeli military planners have attempted to make the cuts without eroding Israel's narrow margin of safety, reductions of this magnitude have, inevitably, added to the element of risk in many areas. As Defense Minister Rabin put it,

> The large cuts that have been made in the last few years have

exposed us to serious risks. If this should continue, it will damage the defense of the state in the near and distant future.

(1) Active combat units have been disbanded, reduced in size or converted into reserve formations. Large numbers of vital aircraft have been mothballed, effectively grounding 15 percent of Israel's combat force. This has decreased the number and size of army brigades and air force squadrons available to meet a surprise attack, weakening the basis on which Israel's security has rested since the conclusion of the 1973 Yom Kippur War.

(2) At least one of Israel's mechanized/armored divisions has been dissolved. This means a serious decline in Israel's visible deterrent capability as well as a decline in its war-fighting ability.

(3) The impact of past reductions in training time is still being felt. Even the 30 percent increase in training time for ground forces in 1987 is not sufficient to make up for past reductions, and the expenditure of ammunition in training is still curtailed. There have been serious cuts in the number of flying hours allowed aircraft pilots, resulting in 20 percent of pilots being dropped in order to continue training for the remainder. Israeli pilots now are able to fly fewer training hours than their American or Jordanian counterparts. In terms of actual funds, it is estimated that it costs the Israeli Defense Forces $970 per hour to operate a Merkava tank engine, $2,687 per hour to operate a missile boat and $13,708 per hour to fly an F-15 fighter.

(4) Reserve readiness has been cut. For several years the number of reserve days served by Israeli soldiers was decreased, although it was increased recently to cope with the demands of service in the West Bank and Gaza Strip. However, because of the amount of time both regular and reserve troops are now spending in riot control duties on the West Bank, they have less time to train for their primary mission of conventional defense. As a result, reserve units will continue to be less prepared for war than they were three years ago.

(5) Thousands of active duty military personnel have been released. This has meant the loss of a great many highly-skilled individuals who will be sorely missed by the Israeli armed forces.

(6) Morale has been lowered. Pay cuts and personnel releases have produced an exodus of highly trained and motivated professionals and have lowered morale generally. Riot control service in the West Bank and Gaza has placed an added strain on the troops. These factors threaten to undermine a key aspect of Israel's military superiority--its large qualitative advantage in personnel.

(7) Ammunition and equipment stockpiles have suffered deep cuts. This has reduced Israel's ability to sustain its forces in combat. Stocks expended during the Lebanon war are still being replaced, and in order to further reduce expenses, the armed forces have continued to draw down their stockpiles without full replacement.

(8) Many programs, such as continued acquisition of new Merkava tanks, helicopters and naval vessels, have been slowed or postponed.

(9) Expenditures on research and development have been significantly curtailed. This has diminished Israel's ability to develop and produce the unique new weapons and countermeasures needed to counter increasingly sophisticated weapons entering Arab arsenals. This further diminishes Israel's qualitative advantage over its opponents. In 1987, Israeli defense industries

were forced to continue to reduce their staffs and plant facilities and thus are less able to support Israel's military needs.

These cuts in Israel's defense budget have made American FMS aid to Israel all the more important. In particular, this money has helped upgrade Israel's Air Force--whose margin of superiority over its adversaries remains the cornerstone of Israel's security doctrine--particularly, through the acquisition of additional F-16 fighters to fill the gap created by the cancellation of the Lavi attack aircraft last August. We specifically wish to thank this Committee and the Congress for earmarking increased funds for procurement of defense items in Israel. Permitting "offshore procurement" of this type helps ease the crisis faced by Israel's defense industry.

Another key program that will be funded through the FMS account is the upgrading of Israel's Navy, which must confront the colossal growth of hostile Arab navies like that of Syria, which has nearly doubled its number of combat vessels since 1982. After years of delay due to budget constraints, Israel has finally been able to fund the building of new submarines and missile corvettes.

The termination of the Lavi, which was to have been the centerpiece of Israeli industrial potential, was a hard blow for the country. It was initially thought that cancellation of the program would free substantial funds for other urgently-needed defense projects. However, the Israeli military will only be able to reallocate to other areas $50-$60 million of the roughly $460 million made available during FY 87 and FY 88. The remaining money must be used in areas directly associated with the Lavi's discontinuation.

Overall, Israel faces long-term reductions in the size of its military forces. What is lost in quantity must be made up in the qualitative enhancements provided through the development and use of advanced technologies.

Despite reductions in oil revenues in recent years, Israel's enemies continue to purchase more and newer weapons to add to their already bulging arsenals. They have placed orders for billions of dollars worth of new weapons each year, and have tens of billions of dollars more still in the pipeline from past years. Since 1973, the leading Arab nations still at war with Israel have spent roughly $400 billion on their armed forces. While overall arms exports to the Middle East have declined in recent years, Arab nations at war with Israel are continuing to spend approximately $30 billion annually on their military forces. According to the last set of figures released by the United States Arms Control and Disarmament Agency, four of the eight largest arms importing nations in the world are Arab nations at war with Israel: Iraq, Saudi Arabia, Libya and Syria. And, it may be significant that despite its economic problems, Egypt was the next largest importer.

Syria has made major efforts to expand and improve its armed forces since its defeats in the 1982 fighting. All branches of Syria's military have grown as a result. There is a growing disparity in standing armed forces--approximately 400,000 for Syria as compared with 150,000 for Israel. This could serve to increase Syria's incentive for a surprise attack. Syria's president, Hafiz Assad, has made very clear that his goal of "strategic parity" with Israel is a synonym for war preparations. Indeed, according to one estimate, the Syrians devote half their national budget to the armed forces, spending $1 billion more than Israel each year. As part of that buildup Syria has increased by 50% the number of divisions in its army. These troops have been reequipped with the latest model tanks, artillery, and other equipment available to the Syrians. The Syrians studied carefully the fighting in Lebanon in 1982 and have incorporated lessons from that campaign into their doctrine and training.

Syria's navy has also been a major beneficiary of this buildup, seeing its number of combat vessels nearly double in the years since the Lebanon war as well as the addition of previously unavailable capabilities. These new capabilities are the result of Syria's acquisition of its first three submarines (with more on the way), and a new coastal defense missile, the Sepal, with a range of about 180 miles.

Syrian air defense and air forces have also benefitted in this expansion. The losses of 1982 have been made good and then some; and more advanced types of anti-aircraft missiles and aircraft have entered service. New anti-aircraft systems have included the SA-5, SA-11, SA-13, and SA-14 missiles. Syrian pilots have spent the last year being trained in the Soviet Union on one of its most advanced fighters, the MiG-29, the first units of which are currently being delivered.

The Syrians have also acquired Soviet-built SS-21 tactical ballistic missiles, another piece of first-line equipment for Soviet forces facing NATO. These missiles are much more accurate and dangerous than the earlier Soviet-built Frog and Scud tactical missiles in the Syrian armory. The accuracy of these new missiles increase Syria's 'first-strike' attack abilities against key Israeli installations including air bases and mobilization points. Combined with Syria's development of chemical warheads for its missiles, Israel is faced with an increasingly serious threat.

Jordan too has continued its defense buildup. The Jordanians have placed orders to increase inventories of tanks, artillery, helicopters, anti-aircraft systems, vehicles, air-to-air missiles, and other munitions. According to the United States Arms Control and Disarmament Agency, Jordan, a country with a gross national product of $4 billion (1984) took delivery of nearly $4 billion in arms in the four-year period between 1981 and 1985.

A key part of Jordan's military buildup plan appears to focus around increasing its air defense capability through the acquisition of advanced fighter aircraft and mobilization of its batteries of Improved Hawk anti-aircraft missiles. If Jordan succeeds in its search for this capability, then it will be in a position to directly threaten Israel's margin of air superiority. Jordan recently announced that it is purchasing both the Mirage 2000 and Tornado fighter aircraft, both of which will add significantly to the Kingdom's ability to challenge Israel in the air.

Moreover, Jordan has one of the Arab world's most modern and qualitatively superior ground forces. The highly-trained Jordanian Army has purchased offensively-oriented equipment such as mine field breaching devices and assault bridging equipment.

Since 1980, Iraq, which has sent forces to fight Israel in three wars, has more than tripled the size of its armed forces. Indeed, since the beginning of this decade, Iraq has become the world's leading arms importer, taking delivery of weapons worth an average of over $3 billion every year. Regardless of the outcome of the Gulf War, as both opponents have sworn Israel as an enemy, it can be expected that the enormous arsenal accumulated in Iraq will be at least in part available for use against Israel, as it has been in the past. Moreover, the Iraqi armed forces are battle-hardened; they are better organized, better trained and more fully mechanized and modernized as a result of their seven-year war with Iran. In recent months, Iraq has extended the range of its surface-to-surface SCUD missiles so that they can reach Teheran. It has not been widely recognized however, that this enhancement also means that Iraqi missiles, possibly armed with chemical warheads, are now also capable of reaching Israel from launch points in western Iraq.

Despite steep reductions in oil revenues, Saudi Arabia continues to order weapons on a grand scale. It leads the Arab states in military expenditures, this year spending over $17 billion on its military, a sum equal to 75% of Israel's entire GNP. In each of the years 1981-1984, it was the world's second largest importer of arms. Current Saudi military expenditures per regular soldier are almost twice American expenditures (approximately $262,000 to $136,000). And, as Saudi Defense Minister Prince Sultan made clear in the *Washington Post* last year, the focus of this military buildup is Israel, not Iran or the Soviet Army in Afghanistan. Therefore, not only does it seek to acquire military capabilities far beyond its own legitimate defense needs, it continues to fund Syrian and Jordanian arms purchases and PLO terrorist activities against Israel. As is by now well known, Saudi Arabia has also recently acquired intermediate-range ballistic missiles capable of carrying a variety of warheads up to 1500 miles. These Chinese systems represent an entirely new class of missile in the region and their deployment is without justification.

As part of this huge ongoing military buildup, Saudi Arabia has been seeking steadily to increase the size and combat capabilities of its air force. An important aspect of this particular effort has been the Saudi attempt to enhance the fighting qualities of the combat aircraft it has acquired from the United States. In this it has been partially successful, to the detriment of Israel's security. The sale of further American aircraft enhancements or replacements to Saudi Arabia cannot but lessen the opportunity for Israel to expend its resources on projects more productive for its society than on countering an ever-extending range of Arab military power.

Mr. Chairman, the Arabs purchase these arms from dozens of different nations around the globe. Our country has been a major supplier to these nations, selling scores of billions of dollars of military goods and services to avowed enemies of Israel. American sales of new weapons systems to hostile Arab nations have had a particularly profound impact on the military balance between Israel and those states because American technology is often superior to that of competing weapons. These sales have significantly raised the cost to Israel of maintaining its own defenses, exacerbating the strain on Israel's economy, and barring any changes in American policy, will continue to do so in the future.

The chemical weapons threat to Israel continues to grow. Both Syria and Iraq have developed their abilities to the point where they are manufacturing their own deadly chemical weapons, and in the case of Iraq, have used them on numerous occasions in its war against Iran. On March 16-17, Iraq used its chemical arsenal against in the Kurdish town of Halabja, killing an estimated 5,000 *Iraqi* citizens and seriously wounding an equal number. The realization of what was earlier an approaching threat has forced Israel to take in its turn precautionary steps to protect its population and soldiers from similar attacks, again at further cost to itself.

Overall, what we have is a pattern of accelerated Arab buildup while Israel substantially cuts its forces. The effort to maintain the qualitative edge adds to the burden on the Israeli economy, further worsening the quantitative gap in the Arab states' favor.

Mr. Chairman, we are all proud of Israel's achievements, but realistically it is impossible to have this combination of trends without a diminution of

security. Israel's margin of safety is, inevitably, reduced by the austerity measures it has been forced to take in past years.

Today, I come before you to ask that you take the very serious security risks facing Israel into account when you consider the level of aid to Israel for FY 1989. What this Subcommittee does will have a direct impact on Israel's security, in a situation where there is much less room for error. Moreover, any reduction in aid will send the wrong signal to Israel's enemies.

Let me sum up, Mr. Chairman, the conclusions of my testimony. Our aid to Israel has been a wise investment, because Israel is our one democratic friend and most reliable ally in a critical region of the world. But this year, aid to Israel is particularly important, for two reasons. First, to prevent any further erosion in Israel's narrow margin of security, in a situation where its forces have been cut while those of its adversaries are rapidly growing.

The second reason aid is particularly important again this year is to stay the course on the economic recovery and growth program on which Israel has embarked. This is no time to reduce our effort.

Israel is aware, however, of America's budget constraints and thus has not increased its aid request over the past three years. Indeed, in 1986, the Government of Israel, acting as a responsible partner in the foreign aid process, returned $51.6 million in ESF funds to the U.S. Treasury despite the economic pressures it was facing.

Mr. Chairman, I thank you for the strong friendship you, this Subcommittee, and the Senate, have demonstrated toward Israel, and for this opportunity to explain the importance of FY 1989 aid to Israel and to America.

CALL OF WITNESSES

Senator INOUYE. Our next witness is Mr. George R. Moses, President of the National Association of Arab Americans. Mr. Moses?

[No response.]

Senator INOUYE. Ms. Nancy Alexander, Friends Committee on National Legislation?

[No response.]

Senator INOUYE. The Reverend William Byron, Chairman of Bread for the World?

[No response.]

Senator INOUYE. Mr. Andrew E. Manatos, President of Manatos & Manatos?

[No response.]

Senator INOUYE. Well, apparently some of the witnesses who have indicated interest have changed their minds.

For the last time, is Henry Walther here?

[No response.]

Senator INOUYE. We will cross him off.

George R. Moses?

[No response.]

RECESS

Senator INOUYE. The committee will stand in recess subject to the call of the Chair.

[A brief recess was taken.]

Senator INOUYE. We are sorry that we had to recess.

NATIONAL ASSOCIATION OF ARAB AMERICANS

STATEMENT OF GEORGE R. MOSES, PRESIDENT, NATIONAL ASSOCIATION OF ARAB AMERICANS

ARAB AMERICAN UNITY

Mr. MOSES. I want to express my apologies, Senator. We were here right at 10:30, which is not the practice of our organization. We will see that that does not happen in the future.

Senator INOUYE. Well, the President of the National Association of Arab Americans, Mr. George Moses.

I would like to advise all that your full statement will be made part of the record. So in case you want to abbreviate your statements, please do so.

Mr. MOSES. I will confine my remarks, and I appreciate that, Senator.

We appreciate the opportunity to present our views to you here today, in my case for the first time as President of the Association and as spokesman for 3 million Arab Americans who believe that friendship with Arab countries is of primary U.S. interest, and that interest was illustrated very graphically recently by operations in the Gulf.

NAAA supports the administration's fiscal year 1989 request for Algeria, Djibouti, Egypt, Mauritania, Somalia, Sudan, and Yemen. We recommend subcommittee approval of these requests.

The requests for Jordan, Morocco, Oman, and Tunisia are the absolute minimum amounts necessary to further U.S. interests in these countries.

AID TO LEBANON

If I work this right, I can get you farther down the country list than any witness you will hear today. The $775,000 aid request from the administration for Lebanon is wholly inadequate.

We recommend not less than $25 million in ESF assistance for Lebanon. This would include a substantial amount for wheat aid, food aid. We understand that this is the most efficacious route to provide such aid in this fiscal year in these particular circumstances.

I want also to notice that the committee provided a generous amount in last year's bill, but due to what we hope were some unfortunate technical circumstances, those funds were not delivered. And it is our hope that the committee's intention in whatever amount that it makes available this year will cause the money to be delivered.

Senator INOUYE. I can assure you that it will be much more generous than the administration's.

Mr. MOSES. Thank you, sir.

In consultation with the government of Lebanon, the United States should extend as much wheat aid, to which I have already referred, as possible, in a fashion designed to reach the maximum number of those most needy.

U.S. CONTRIBUTIONS TO UNIFIL

It is also our view that UNIFIL is critically important to the stability of Lebanon. The United States is paying less than half of its assessed obligations to UNIFIL and will be $64.5 million in arrears by July 31, 1988. Full and timely U.S. contributions allow UNIFIL to carry out its mandate effectively and preserve U.S. influence in the decisionmaking process concerning UNIFIL.

We believe both of these are of critical concern to our country.

WEST BANK AND GAZA

We believe that the Reagan administration's $14.5 million request for the occupied West Bank and Gaza are far too low. We urge that aid levels to the occupied territories be not less than the $30.5 million in total aid approved by the House of Representatives on May 25.

We believe further and would like to call to the committee's attention that Israeli actions in the occupied West Bank and Gaza contravene the provisions of the Foreign Assistance Act of 1961. The following actions, we believe, constitute a—and I quote from the Act—"consistent pattern of gross violations of internationally recognized human rights."

These practices include, but are not limited to: administrative detention without charge; beatings; collective punishments; the use of deadly force against unarmed civilians; forced deportation of residents; torture; and collective confinement, euphemistically called "curfews."

The final example I would like to cite is a recent Glen Frankl article in the Washington Post in which the attempt to raise food for the purposes of self-sufficiency was characterized as political rebellion.

Mr. Chairman, those are not the principles for which this country stands, for which you and I put on a uniform. They are not actions with which the United States ought to be identified.

And I hope the committee will use its resources to look into these practices and to see that U.S. law is correctly applied.

That concludes my statement, Mr. Chairman. I would be pleased to respond to any questions that you might have.

[The prepared statement of Mr. Moses follows:]

NAAA
National Association of Arab Americans

WRITTEN TESTIMONY OF GEORGE R. MOSES,
PRESIDENT OF THE NATIONAL ASSOCIATION OF ARAB AMERICANS,

The National Association of Arab Americans (NAAA) welcomes this opportunity to present our views on the Middle East portion of the Administration's Fiscal Year 1989 foreign aid request. As the principal political organization representing the three million Americans of Arab descent -- as well as a large and growing number of other Americans who share our viewpoint -- NAAA wants not only to promote good relations between the United States and the Arab countries of the Middle East, but also to see that US tax dollars are spent in the most effective way.

Foreign assistance is an important policy tool which helps promote and protect US interests around the world. In these times of fiscal austerity, the American people are concerned with controlling the budget deficit and promoting fiscal responsibility. We, as Arab Americans, share these concerns. It is our view that, while the foreign aid budget should be strictly monitored and cut when necessary, aid should be allocated sensibly and in a way that benefits US national interests.

In November 1987, the Administration and Congress reached a deficit reduction plan which set the FY 1989 target for foreign aid and other programs. We believe that all recipient countries should be expected to bear their fair share of the burdens associated with these reductions. With the exception of Israel and Egypt, almost all aid programs in the Middle East and North Africa bore substantial cuts in FY 1988 as a result of earmarking. ESF programs for Lebanon and the West Bank and Gaza were among those affected the most adversely.

We believe that the president's FY 1989 foreign aid requests are adequate for some of the Arab countries. In some cases, however, such as Morocco, Tunisia, Jordan and the occupied territories of the West Bank and Gaza, we contend that these requests represent the absolute minimum amount necessary to further US interests in the region. In the case of Lebanon, it is our contention that $775 thousand is woefully inadequate. We urge you to remember that the Administration, mindful of the need to reduce deficits, has already pared its requests for the Arab countries to the bone -- and in some cases, past.

We are proud to note that the US security assistance programs in the Arab world are justified by the close and multi-faceted level of strategic cooperation between the United States and its Arab friends. The United States and Egypt, for example, have recently broadened such cooperation by signing an agreement for the coproduction of the M1A1 tank. This coproduction effort is expected to keep the M1A1 production lines in the United States open longer than would otherwise have been the case -- thereby benefitting US workers.

Years of close cooperation with the Gulf Cooperation Council (GCC) countries have yielded significant benefits for the United States as well. For many years the Navy's Middle East Force, a small group of ships that has patrolled the Gulf since the end of the second world war, has been based in Bahrain. Oman has given the United States access to three important base facilities that have benefitted the US Armed Forces.

Sales of American arms over the years, especially to Saudi Arabia, have made the weapons systems of the GCC countries largely compatible with those of the United States. This compatibility has enabled US forces in the Gulf to cooperate extensively with the Saudi military command and helped reduce the dangers to US military personnel.

Saudi Arabia has given US naval ships in the Gulf vital air cover through their AWACS aircraft. Saudi AWACS planes, manned by joint Saudi-American crews, and American AWACS based in Saudi Arabia provide the entire airborne surveillance necessary for the protection of the American fleet in the Gulf. In April, Iranian F-4s, which had begun an attack on US forces were spotted, tracked, and targeted by the AWACS and then driven off before their attack could succeed, thereby saving American lives. The United States would find it difficult, if not impossible, to provide adequate air protection for its naval forces without such steadfast Saudi cooperation, unless it assumed tremendous and unacceptable risks.

The escorting of reflagged Kuwaiti tankers since last July has helped ensure Kuwait's ability to sell its oil on the world market in the face of Iranian intimidation. The US presence in the Gulf has sent a signal to Iran that the war must not be widened to include the other countries of the Gulf. While the United States does bear a burden -- and risks -- in pursuing its Gulf policy, the Arab countries of the Gulf have shared in this burden by providing important assistance and facilities. Bahrain, for example, has given US ships in the Gulf access to its port facilities. I am certain that this Subcommittee has further classified information available to it on this subject.

RECOMMENDATIONS

Our specific recommendations concerning the Reagan Administration's FY 1989 foreign aid requests are given below. In addition, and for the record, NAAA supports the Administration's aid requests for Djibouti, Algeria, Mauritania, Somalia, and Yemen.

Aid to Egypt

The $2.28 billion request in military and economic assistance, including P.L. 480 assistance, for Egypt is slightly less than the level proposed by the Administration for FY 1988. We support the President's request and recommend its approval by Congress.

The case for aid to Egypt on this scale is very strong: Egypt genuinely needs the aid that has been requested. Its 51.93 million people have, unfortunately, one of the lowest standards of living in the Arab world, with a per capita GNP of only $610. Egypt, moreover, is facing economic difficulties that are largely beyond its control. The declining worldwide price of oil in recent years caused both a decline in Egypt's own oil revenues and a sharp drop in Egyptian workers' remittances from OPEC countries. US assistance to Egypt plays a pivotal role in the implementation of the comprehensive economic reform program that has been put in place by the International Monetary Fund (IMF).

Egypt has long been an important friend of the United States and has worked consistently to promote the Middle East peace process. Egypt has granted the United States landing privileges at its naval and air facilities under certain circumstances. It provided support for US transshipment of ammunition to Lebanon when US Marines were there, and it has cooperated with the United States in taking action to deal with threats to Sudan, its southern neighbor, in the past.

Aid to the West Bank and Gaza

This year the Administration is requesting $7.5 million for the occupied West Bank and Gaza and has asked that an additional $7 million in ESF funds for Jordan be used for programs in the West Bank and Gaza. We believe these requests, totalling $14.5 million, represent the absolute minimum amount necessary for the aid program in the territories to be effective -- any reduction in this requested level by Congress would undermine the program.

We fully support the House Appropriations Foreign Operations Subcommittee's approval of $30.5 million in total aid for the West Bank and Gaza, and urge this Subcommittee to approve this higher figure. We believe that a substantial portion of the funds should be channelled into direct aid programs administered by private voluntary organizations (PVOs). Creative ways must be found to ensure that more US aid directly reaches the intended West Bank recipients.

Acceptance of the higher figure would reverse an unfortunate trend of reductions in aid for the territories over the last three years. In 1986, the PVOs received $12 million for their projects in the occupied territories. In 1987, the funding level was reduced to $8.5 million. And in FY 1988, as a result of earmarking large portions of ESF funds worldwide, the direct aid package to the West Bank and Gaza under the Middle East regional program was slashed by more than 71 percent. So far, the Agency for International Development (AID) has allocated only $2 million under the FY 1988 appropriations to the program.

The small aid program funding economic and social development in the West Bank and Gaza has perhaps the highest impact of any American aid program anywhere in the world. It is designed to stimulate private sector activity to support institutions which can serve to channel funds to private borrowers for productive uses in agriculture and industry. The Administration's focus on aid to the occupied territories as a means to provide the essential tools for economic development of the local population is an integral part of the peace process. We can only hope that Congress will not continue to sacrifice this aid to narrow political and budgetary considerations.

We must also express our utmost dissatisfaction with Israeli interference in this small program. According to a report several years ago by Meron Benvenisti, the former deputy mayor of Jerusalem, between 1977 and 1984 only 23.1 percent of the industrial expenditures and 35.6 percent of the agricultural expenditures endorsed by AID had been approved by Israel.

US-funded projects that did not give the Palestinians themselves a stake -- such as public works projects that Israel would otherwise have had to pay for itself -- have been given ready approval by the Israeli authorities. On the other hand, PVOs have enumerated cases in which the Israeli government has delayed or denied clearance to proceed with individual subprojects, particularly those of a development nature. Thus, Israel has been diverting US aid from its intended objectives. We urge Congress and the Administration to press Israel publicly not to obstruct PVO-administered projects on the West Bank and Gaza.

This is just one aspect of a 20-year-old Israeli policy of stifling Palestinian economic initiatives. Palestinians are denied permission to dig new irrigation wells, discouraged in their attempts to form cooperatives, limited in their planting of trees and vegetables, constrained from selling their produce in Israel, turned down -- or made to wait indefinitely -- when applying for licenses to start up a business project or construct a building, and deprived of adequate credit and money market facilities. The Israeli government continues to block the direct export of Palestinian agricultural products to the European Common Market.

Even under the current unsettled conditions on the West Bank and Gaza, the grassroots projects successfully established by the American PVOs are still operational and must be encouraged. Please bear in mind that the most prominent US presence in the West Bank and Gaza during the uprising has been the American-manufactured military equipment, tear gas, and munitions of the Israeli Army. For many Palestinians, rightly or wrongly, this equipment is seen to be the most tangible expression of America's intentions in the occupied territories. As a counterweight to this, the small aid program for the West Bank and Gaza conveys a message of hope and peace to the Palestinians which should not be underestimated.

Aid to Jordan

Long a friend of the United States, Jordan is an indispensable element in the search for peace in the Middle East. King Hussein has expressed interest in the peace plan put forward by Secretary of State Shultz. Unfortunately, Representative Jack Kemp (R-NY), has introduced legislation to delete provisions relating to the formation of an "international conference" from Secretary Shultz's Middle East peace plan. Passage of this legislation would be most detrimental to the peace process.

Jordan's ability to continue as a central actor in the peace process depends also upon the willingness of the United States to help it in meeting its legitimate and very pressing economic and military needs. We believe, however, that the United States has not given Jordan the kind of moral and material support in recent years that it requires and deserves. The indefinite postponement last year of a sale of advanced fighter aircraft to Jordan, for example, was a severe blow for US credibility and a setback for Jordan's security needs. It is no surprise that Jordan is following the example of other moderate Arab states in turning to European countries to meet its legitimate defense needs. Jordan is currently deliberating on a proposed sale of eight British Tornado fighters.

We support the aid level the Administration has proposed for Jordan for FY 1989. We note with concern, however, that, while the Administration's ESF request for FY 1989 has remained at the $18 million level requested last year, security assistance under the FMS program and IMET would be reduced from $53.8 million to $49.8 million.

We strongly urge that the Administration's aid levels for Jordan not be reduced by Congress. The proposed $18 million in ESF is woefully inadequate for Jordan to support economic development programs on both sides of the Jordan River. Jordan began the West Bank and Gaza Development Program in 1986, and in FY 1987 spent 12.6 percent of its ESF aid for their economic development. However, under ESF allocations for FY 1988 and the Administration request for FY 1989, the portion to be devoted to the occupied territories has increased to almost 39 percent. Jordan may not be able to carry such an enormous burden indefinitely, given the meager resources available to it. We are gratified, however, that the President has requested that all MAP funds for Jordan be in the form of forgiven FMS loans. Although the House foreign aid bill, HR 4637, did not accept the request for the change to forgiven loans, we strongly urge this Subcommittee to support the Administration's request.

Aid to Lebanon

While we recognize the difficulties associated with extending aid to Lebanon under present conditions there, we believe that the $775,000 total of economic and military assistance to Lebanon that the Administration has requested is wholly inadequate. A substantially greater commitment is needed to help promote stability and contribute to the achievement of a unified, sovereign Lebanon, free from external forces and able to secure its territorial borders. We therefore urge this Subcommittee to support an increase in aid to Lebanon to not less than $25 million for FY 1989. This contribution would underscore the confidence of the US Government in Lebanon and the Lebanese people. It would also serve to demonstrate the strength of the Lebanese Government itself.

Tragically, continued bloodshed in Lebanon has made US-sponsored relief efforts even more important. Private voluntary organizations have made significant progress in providing assistance to the victims of Lebanon's conflict. Despite adverse conditions, the PVOs have done an admirable job of distributing food, providing basic medical services and other relief assistance on a non sectarian basis throughout Lebanon. If funds for Lebanon are not increased, many programs administered by PVOs will regrettably come to a halt, with potentially disastrous consequences. We urge this Subcommittee to extend funding for Lebanon that will be adequate to enable these organizations to continue to carry out effectively their important work beyond the current fiscal year. The meager sum of $300,000 in ESF funds requested by the Administration for FY 1989 is simply not sufficient.

It is vitally important that the United States do all it can to contribute to the strengthening of the Government of Lebanon. One way of doing so, in consultation with the Government of Lebanon itself, is to extend as much economic aid -- particularly wheat aid -- as possible, in such a way that it reaches the maximum number of those most needy. In FY 1988, the Administration started an emergency feeding program, using PL 480 Title II aid and distributed food to 135,000 families through the Save the Children Foundation. We commend the success of this humanitarian project and urge the Administration to continue and broaden the effort in FY 1989.

Although the appropriations for UNIFIL do not fall within the purview of the foreign aid program, we would like to state for the record that the continuing lag in US contributions to UNIFIL is seriously jeopardizing its ability to operate effectively in Lebanon. The United States is currently providing about half of its assessed obligation to UNIFIL's operating budget. We would like to stress the economic and military benefits that flow from UNIFIL's presence in Lebanon. The economy is substantially better in UNIFIL-controlled areas. Furthermore, in the event of UNIFIL's withdrawal, we are apprehensive that the political and military vacuum will most likely be filled by the Iranian-backed Hizballah forces.

Beyond this, of course, failure to pay -- or pay on time -- our share of UNIFIL costs means that we have less say in the carrying out of UNIFIL peacekeeping efforts. The current six-month mandate for UNIFIL expires July 31, and must be renewed. The United States has paid only $18.7 million in FY 1988 for UNIFIL, but this sum represents less than half of the US assessed obligation, and there are no provisions for meeting the other half in the FY 1988 appropriations. By July 31, the United States will be $64.5 million in arrears. The Administration request for FY 1989 similarly falls short, since only $18.2 million is being sought.

Aid to Morocco

The ties between the United States and the Arab world are exemplified by our ties with Morocco. Last year the United States celebrated the 200th anniversary of its treaty with Morocco -- the longest treaty with the United States in existence.

Located on both the Atlantic Ocean and the southern half of the strategic Strait of Gibralter, Morocco has been an important friend to the United States for many years. Since 1983, it has agreed to allow US forces access and transit rights to its military bases in certain cases and provides training areas for US forces stationed in Europe. US Navy ships make frequent calls at Moroccan ports. In 1987, Morocco signed an agreement with NASA offering it the use of an Moroccan air base for landing the space shuttle in the event of an emergency. It also provides much-needed facilities for a Voice of America transmitter.

NAAA supports the Administration's FY 1989 request of $123.9 million for Morocco. We note with regret, however, that whereas the request calls for substituting forgiven FMS loans for MAP funding, the total security assistance level has been reduced by more than $11 million, when compared to FY 1988 allocations.

The Moroccan economy has suffered under severe strains in recent years. It has an external debt burden which now exceeds its annual gross domestic product, and it has had to struggle with the problems of severe and prolonged drought and low demand for phosphates, its principal export. With a population of almost 24 million, a population growth rate of 2.5 percent and a per capita GNP of only $560, Morocco can effectively utilize the $27.50 million in ESF and Developmental Assistance and $41.45 million in PL 480 assistance that the Reagan Administration has proposed.

At the same time, Morocco has shown itself able to implement a program of fiscal austerity and economic adjustment under the guidance of the World Bank and the International Monetary Fund. Over the last four years, as a result of these economic reforms, Morocco has substantially reduced its budget deficit. Adequate US assistance is absolutely vital if Morocco is to continue with its goal of achieving sustainable economic growth.

Aid to Tunisia

The Administration's FY 1989 request of $53.95 million for Tunisia is considerably lower than last year's request. We believe that $22.5 million in ESF and PL 480 aid is inadequate to meet Tunisia's very pressing economic needs.

Tunisia has been a friend of the United States since it gained independence in 1956. During the hostage crisis in Iran, Tunisia cast the deciding vote in the UN Security Council for sanctions against Iran. In the Arab League, it has consistently been a force of moderation. The United States and Tunisia have established a joint military commission, and Tunisian officials have shown a desire for heightened military cooperation. Tunisia allows the Sixth Fleet regular access to its ports.

The new Tunisian leadership is continuing the moderate pro-West policies of the previous government and should be able to count on the support and encouragement of the US government. It faces difficulties. Although its economy has improved considerably, Tunisia is still far from the economic prosperity it enjoyed in the 1970s. The expulsion of more than 20,000 Tunisian workers and their families from Libya in 1985, which was due in part to the fall of Libyan oil revenues, put severe strains on the Tunisian economy and made it more difficult for the government to deal with trade and budget deficits and a growing foreign external debt and debt service ratio. Exogenous factors such as a sluggish market for Tunisian phosphates and agricultural products continue to hamper Tunisian economic growth. In light of these conditions, it is clear that Tunisia requires increased economic aid levels.

Aid to Sudan

We support the Administration's request for over $74.47 million in aid to Sudan. Geographically the largest state on the African continent, Sudan is of great importance to the United States. Sudan's foreign policy in the past decade has been generally sympathetic to US goals. It has lent support for US peace initiatives in the Middle East and for efforts to expand American military access and capabilities in the region.

With a per capita GNP of only $300 and an average life expectancy of just 51 years, however, Sudan is one of the least developed countries in the Arab world. Despite the fact that it has experienced severe drought in recent years, which has cost it much-needed export earnings, Sudan has taken in more than 1.5 million refugees fleeing famine and war in neighboring countries. And it has been plagued by continuing unrest in the south of the country, causing a constant drain on its resources.

We support the Administration's request for $68.47 million in economic assistance for Sudan. The funds will provide some help to the Sudanese Government to recommence work on important agricultural and oil exploration projects and help Sudan cope with the refugees it is hosting.

Aid to Oman

We note with great concern the reduction in the Administration's request in ESF aid for Oman in FY 1989. The ESF request has dropped from $20 million in FY 1988 to $15 million in the coming fiscal year. Considering the fact that only $13 million ESF aid has been allocated for FY 1988, we urge the Subcommittee to uphold this year's barebones aid request for Oman, including $150,000 in IMET aid.

There are compelling economic reasons for aid to Oman. While the decline in world oil prices has sharply reduced Oman's chief source of revenue, there remains a pressing need to develop adequate human resources and diversify the oil-based economy of the country. According to economic projections, Oman's oil resources are expected to last only another thirty years or so.

Oman's strategic location and its willingness to cooperate with the United States make it a vital friend that is deserving of our assistance. Gulf oil that is exported by sea through the Strait of Hormuz goes through shipping channels inside Omani territorial waters. Oman is modernizing its military to defend against Iranian threats and to contribute to regional defense as a member of the Gulf Cooperation Council. It has also granted the US limited peacetime and extensive emergency access to its military facilities, enabling the US to meet threats to its vital interests and those of its Arab friends in the Gulf.

Aid to Israel

Israel's iron-fist policy of violently repressing the Palestinian uprising is well into its seventh month. More than 200 Palestinians have been killed and many hundreds more wounded since the uprising began on December 9. Israel has also arrested thousands of Palestinians, and nearly 2,100 are being held in a controversial military prison in the Negev Desert without charge or trial for renewable six-month periods. Israel has continued to deport Palestinians from their own homeland in violation of international law. The most recent case concerns the decision to deport a Palestinian-American, Mubarak Awad, a leading advocate of nonviolent resistance to the Israeli occupation.

Repeated Israeli protestations that such abuses are aberrations retain little credibility after so many months. Rather, they are a direct result of deliberate policies of the Israeli government. Israel has not hesitated to place Palestinian camps and villages under full military confinement for long periods of time. And it continues to bar journalists from the occupied territories in order to prevent international scrutiny of the uprising.

On April 16, Israel carried out a premeditated political assassination of a PLO leader, Khalil Wazir. Six days earlier, the Israeli daily newspaper Davar had carried a report according to which Lt. Col. Yigal Pressler, an Israeli official, had called on Israeli special forces to initiate attacks on Palestinian leaders.

We strongly believe that the worsening human rights situation in the occupied territories may be attributed, in part, to our government's failure to publicly insist that Israel uphold basic standards of decency. We clearly understand that the United States is committed to the security of Israel, but that commitment carries no obligation to acquiesce in the beating and shooting of human beings. We strongly urge this Subcommittee to hold hearings on the human rights situation in the territories and determine whether the provisions in the Foreign Assistance Act of 1961 which prohibit US assistance to any country "which engages in a consistent pattern of gross violations of internationally recognized human rights" should be applied to Israel. Israel should be put on notice that the United States will use its considerable influence to bring Israeli human rights abuses to an end.

For FY 1989, the Administration has requested $3 billion in ESF and FMS assistance for Israel. This amounts to an outlay by the US taxpayers of $710 for each of Israel's 4.2 million people -- and represents more than 36 percent of the Administration's total security assistance request. Israel also receives substantial aid under the Middle East Migration and Refugee Assistance program, the American Schools and Hospitals Abroad program and the Middle East Regional Program.

Our generosity for Israel contrasts sharply with the meager sums of aid we provided last year to both Lebanon and the West Bank and Gaza -- which need aid desperately. It is unconscionable that Lebanon's ESF aid was zeroed out this year and only $2 million have been allocated for the West Bank and Gaza out of a $7 million FY 1988 Administration request.

Yet generous American aid contributions to Israel produce no Israeli movement toward peace. Israel's negative response to Secretary Shultz's peace proposals is a case in point. And Israeli Prime Minister Shamir recently declared that UN resolutions 242 and 338 -- a key to peace in the Middle East -- do not apply to the West Bank and Gaza. We urge Congress and the Administration to insist on and uphold the principle of exchanging "land for peace" as the basis for peace negotiations.

We strongly believe that it is imperative for the Administration to adopt policies that recognize and take into account the rights of both Palestinians and Israelis. A one-sided and pro-Israel US approach to the Middle East undermines both Arab and Israeli moderates, and, in the end, defeats any real hope for peace.

Beyond this, we feel it is important to emphasize several additional points. First, we are deeply concerned that Israel has not been forthcoming in revealing, as it had promised, all the facets of its role in the "Iran-Contra" arms affair, for which it has been shown to bear a great deal of responsibility.

Second, Israel continues to have close military and nuclear ties with the apartheid regime in South Africa, despite a strict international embargo and the provisions of the Anti-Apartheid Act of 1986. While Israel last year claimed that it would not sign any new military contracts with South Africa, we believe that the fundamental alliance between Israel and South Africa, particularly in the nuclear field, will continue until the United States puts pressure on Israel to end it.

Third, Israel continues to maintain a military presence in Lebanon -- almost six years after its 1982 invasion. It continues to arm and maintain a surrogate militia force, the "South Lebanon Army," in a so-called "security zone" on Lebanese soil, and has on several occasions in the past gone beyond that "security zone" to illegally harass and detain Lebanese who continue to oppose an Israeli presence in Lebanon. We believe that these Israeli actions are illegal and destabilizing.

Finally, Israel, which already possesses nuclear warheads and has the ability to deliver them with advanced Jericho missiles, still refuses to sign the Nuclear Non-Proliferation Treaty, and has repeatedly rejected US requests to allow US officials to inspect its nuclear facilities. We believe that US and international concern should be vigorously and persistently directed towards Israel's clandestine nuclear capabilities.

AMERICAN UNIVERSITY IN BEIRUT

Senator INOUYE. What thoughts do you have on the American University in Beirut?

Mr. MOSES. Thank you for calling that to my attention, sir. That was an oversight.

For 121 years, the American University in Beirut has been an outpost of American thought and application and reverence for education. It has been an exemplar of the highest ideals of this country and it has helped to propagate the kinds of principles which we believe will lead the world to stability.

The university has survived in many very troubled times, none more troubled than the present. But it has always survived, and it is a symbol of the American commitment to those principles that the university stands for.

In our view, any retrenchment of support for the university at this time would be an extremely unfortunate signal to those forces which are trying to tear it down and, by indirection, forces opposed to our way of life. We believe that the university deserves continued American support, at least at the present levels.

Senator INOUYE. Do you believe that stability has returned to the campus?

Mr. MOSES. Stability being a relative term, I believe that things are not as bad as they were. Obviously, to use the term "stability" in the present context is to make certain assumptions. But yes, sir, I do believe the situation is improved.

Senator INOUYE. Well, I too am impressed with the work of AUB, especially the work of the hospital there. I think it is one of the saving graces of Lebanon and has provided aid to all the injured and wounded.

In fact, the hospital provides more than half of all the assistance in Lebanon at this time.

I can assure you that your recommendations will not only be studied carefully, but I think for the most part will either be supported or exceeded.

Mr. MOSES. We appreciate your foresight, Mr. Chairman.

Senator INOUYE. On the matter of the West Bank and Gaza, I am certain we can at least meet the amount recommended by the House.

Mr. MOSES. That would be excellent.

We continue to research the methods for delivering aid in that region, Mr. Chairman. Although I do not have anything for you right now, I would hope in the future to meet with you or your staff to discuss perhaps ways of effectively delivering aid where it is most needed.

Senator INOUYE. I hope you will. I thank you very much.

INTERFAITH ACTION FOR ECONOMIC JUSTICE

STATEMENT OF NANCY ALEXANDER, FRIENDS COMMITTEE ON NATIONAL LEGISLATION, ON BEHALF OF INTERFAITH ACTION FOR ECONOMIC JUSTICE

SECURITY AID PROGRAMS

Senator INOUYE. Our next witness is Ms. Nancy Alexander, representing the Friends Committee on National Legislation. Ms. Alexander, welcome.

Ms. ALEXANDER. Good morning, Mr. Chairman. I am pleased to be here this morning to testify on behalf of Interfaith Action for Economic Justice, an umbrella organization that represents 34 Protestant, Catholic, Jewish, and ecumenical agencies.

My remarks this morning address our concerns with regard to security aid, development aid, and the debt crisis. Over the years, we have shared with you our concern about the security and development aid imbalance. We watched the security aid programs swell by 50 percent in the first half of this administration.

And we particularly appreciate your role in making cuts in the last couple of years in security aid. However, we feel as though there is much more cutting that needs to be done, given the fact that the security aid remains 23 percent higher than the fiscal year 1981 levels, while development aid has decreased by 9 percent in that time period.

The dominant security orientation of foreign aid reflects the congressional view of the world at threat from Communist encroachment. But it is our view that military and strategic priorities resulting from this global perspective actually have the effect of alienating a number of developing countries from our democratic values.

We believe that global insecurity stems more in fact from untenable debt burdens, low commodity prices, unequal terms of trade, and human misery and poverty. Those who suffer from economic violence are far away from this very dignified chamber, so we ask that you hold their images before us as we make our recommendations to you today.

150 ACCOUNT

First, we would recommend freezing the foreign aid 150 account and redirecting resources to effective development assistance. And by effective assistance, we mean projects that focus on building self-reliance at the grassroots through participatory and sustainable development projects that you have been a part in helping us formulate over the years.

Specifically with respect to security assistance, we would ask you to reject the administration's major request for increase in military assistance. As you know, half of the people living in the Third World do not have access to safe drinking water. Yet Third World military budgets have continued to swell and to exacerbate conflicts.

Since World War II, all major conflicts except the invasion of Hungary have taken place in the Third World, and many of these conflicts are actually superpower proxy wars, in which people of other races and other nations die in defending the principles or supposed principles of this country.

In our view, the United States. often puts military assistance in the hands of dangerous leaders and governments. We would specifically ask that you look at the aid request to Sudan and the Philippines and El Salvador and Guatemala.

SUDAN

We are concerned in Sudan; 1,000 to 3,000 people have been killed in the Corduban Province by the Sudan Government. We have not given aid to the Sudan in recent years and we see no reason to start now. We would see that as being the wrong move. So we urge you to reject military aid to Sudan.

PHILIPPINES

There is mounting evidence of the abuse by government military forces in the Philippines and vigilante groups with connections to government forces. And so we urge you to resist the Marshall Plan for the Phillipines that would in fact increase military aid significantly.

Instead, we urge provision of funds for agrarian reform and feel that hope for that democracy really rests in tackling the agrarian reform problem with assistance from the United States.

And we ask you also to cut economic support fund levels. We feel as though the ESF funds do not address the sources of human misery. Cash transfer, which is the principal form of the ESF, rarely provides aid to the poorer developing countries.

We have done a study that we will be sharing with your staff on security aid. It shows that 10 countries, all perceived to be of high security and political interest to the United States, receive 96 percent of cash transfers and only 30 percent went to projects which were in fact highly visible and political projects.

DEVELOPMENT ASSISTANCE

The second area of my remarks pertains to the development assistance. First with regard to Africa, we appreciate the role that Senator Kasten and yourself have played with regard to setting up a development fund for Africa. We are requesting that the administration request for Africa be rejected and that a higher level, $600 million, be earmarked for Africa, with $100 million of this sum going to SADDC, with no country exceptions.

We feel as though the region needs to build up its integrity, its infrastructure, to gain independence from South African aggression.

Second, in the area of women and development, we hope you will be able to incorporate into your bill many of the provisions in S. 2330, Senator Mikulski's bill. In particular, I would call your attention to language that would strengthen AID's women in development initiative and provides $5 million for that purpose.

In addition, we hope that provisions in the bill for UNIFEM being funded at $800,000 and INSTRAW at $200,000 will be included.

Third, with regard to international organizations and programs, we are somewhat alarmed at the way this program has been cut over the years. If the House level is accepted of $215 million, that will represent a 37-percent cut since fiscal year 1985, which is very disproportionate to cuts in other parts of the account and represents an erosion of our commitment to multilateralism.

So we would ask that this international organizations programs account be funded at least at fiscal year 1988's level of $245 million.

In particular, we want to call your attention to the IFAD problem that we have. There seems to be some resistance on the Hill to providing adequate funding for IFAD, given the fact that its third replenishment negotiation is still underway.

I believe a reading of this committee's report for fiscal year 1986 appropriations shows argumentation on why IFAD should be funded without a complete negotiation. In this case, we feel that it would erode the negotiating process if there was not at least a $30 million commitment by the United States for fiscal year 1989.

And we believe that the same extenuating circumstances that applied in fiscal year 1986 apply to fiscal year 1989.

DEVELOPMENT ISSUES

Last, on the development, the issue of development, we support the administration's request for concessional funding of multilateral development banks.

The final part of my remarks pertains to the debt. We are alarmed that there seems to be so little congressional response to the debt of poor countries, as in contrast to the rich and creditworthy countries.

As you are probably aware, the World Bank statistics show that developed countries receive about $30 billion in net transfers from the poor countries of the world every year. To our chagrin, last year Congress showed a profound concern for the military debt of creditworthy countries, but has not really come to grips with the debt of poor countries, particularly if they are economic debt.

Our recommendations are as follows:

First, that the debt burden be shared equitably among all those responsible for the debt. And our criteria are laid out on page 9 of our full testimony.

Second, we would call your attention in particular to proposals by Representatives Fauntroy and Pease, Mr. Fauntroy's proposal, calling for INF special drawing rights being allocated on the basis of need, rather than wealth, and with no cost to the first user, no interest cost, and Mr. Pease's proposal seems to be moving in the right direction in the respect that it would call for different conditionalities, conditionalities which would promote equitable development, which would show a concern for the well-being and empowerment of the poor, creation of safe, healthy, and environmentally sustainable jobs, and the advancement of health, housing, education, and basic human needs.

We think that these conditionalities are far more progressive and helpful to the poor than those that are currently applied by the INF, World Bank, and AID.

Third, we urge you to help AID get out of the business of economic policy reform. Even if we did not have fundamental questions about the principles and conditionalities of structural adjustment, we would question whether a program where the size, resources, and political strings of AID could be effective.

Fourth, we urge you to consider the use, exercising the use of authority provided by section 124 of the Foreign Assistance Act, which authorizes the President to permit least developed countries to use local currency equivalent of development loan repayments for specified development purposes in the indebted countries.

We encourage the use of the authority in section 124 as long as it does not—as long as it results in new resources.

GENERAL CAPITAL INCREASE TO WORLD BANK

Next, we stress that a general capital increase be given to the World Bank only in the event that it begins to manage a more comprehensive, far-reaching approach to the debt crisis.

An increase in loans to developing countries without addressing their current debt burdens just exacerbates the problems, deals with the solutions and nothing underlying them.

We urge you to explore a range of proposals to relieve Africa's debt burden, in particular being official debt and being smaller amounts, not relative to their income, to their GNP and exports, but relative to the Latin countries. We feel like Africa's debt is getting insufficient attention.

Finally, we wish to express our alarm with the extent to which AID and the World Bank are supplanting traditional development projects with structural adjustment lending. It is our observation that SAL's often have a devastating effect on certain populations of poor people.

And compensatory programs are just inadequate to deal with the impacts. Instead, the SAL's should show before they are designed, as they are designed and implemented, how SAL's are going to benefit poor people.

In particular, we believe that the export orientation that drives the SAL's is misguided, for a number of reasons that are listed in our testimony. And for all of these reasons, we urge you to the kinds of conditionalities recommended by Representative Pease, while at the same time addressing underlying economic and trade inequities which are the root causes of the debt crisis.

[The prepared statement of Ms. Alexander follows:]

Interfaith Action for Economic Justice

Statement of Interfaith Action for Economic Justice
on the
US Foreign Assistance Program

Mr. Chairman, Interfaith Action for Economic Justice welcomes this opportunity to share our views on foreign assistance. I am Nancy Alexander, legislative secretary of the Friends Committee on National Legislation and co-chair of Interfaith Action's International Development Policy Work Group. Interfaith Action is an agency of 34 national Protestant, Roman Catholic, Jewish, and ecumenical agencies that work together on federal legislation seeking justice for poor and hungry people.

We monitor the US foreign aid program because of our overriding concern that US foreign assistance help meet the basic human needs of the poor majority in developing countries. While our efforts to help the world's most disadvantaged people build self-reliance in a healthy global economy are based on our commitment to economic justice, we strongly believe that this approach would foster international and national security as well as a just world order. We make four recommendations that, in our view, would bring the US foreign assistance program closer to achieving those goals:

- Freeze the 150 account and redirect resources to development assistance that meets human needs;
- Drastically reduce both military assistance and ESF;
- Increase effective bilateral and multilateral development assistance; and
- Alleviate the debt burden of developing countries.

I will return to this point, but let me underline right here at the beginning our conviction that US foreign aid must be viewed in the context of a global economic recession and increasing external debt of developing countries. Third World debt has trebled during the past decade to its current level of more than $1.2 trillion. Servicing this debt has become an unsupportable burden for many developing countries. During the same ten years falling commodity prices, stagnant foreign investment, increasing debt service payments, and declining development aid have resulted in a net annual export of about $100 billion from the Third World to the industrialized countries.

The Reagan Administration's foreign aid request of $14.7 billion for FY 1989 is dwarfed by the magnitude of these numbers. Nevertheless, despite its relatively small size, a US foreign aid program allocated on a human needs basis, coupled with measures to alleviate the debt burden of the poorest countries, could make an important contribution to alleviating human suffering and addressing pressing global economic problems.

Unfortunately, it is our assessment that the US foreign aid program as currently constituted does not effectively serve those goals. During the past year, we have intensively researched the security assistance program, particularly ESF; the results of this research will be published shortly. We found considerable evidence that the security and political interests that drive security assistance defeat what we believe should be the main priority of the US foreign assistance program--helping the poor in developing countries. Even though over the past several years Congress has begun to reverse the increasing imbalance toward security assistance, that segment still predominates, comprising 66 percent of foreign assistance in FY 88 compared to 32 percent for development assistance (excluding food aid). This imbalance seems to reflect a perspective that views the world at threat from communist encroachment. We disagree with that view. On the contrary, we believe that the military and strategic priorities resulting from such a global perspective only serve to alienate developing countries from democratic values. In fact, increasing poverty in developing countries, untenable debt burdens, low commodity prices, unequal terms of trade, and other economic injustices pose far greater challenges to global security--and to our national security--than the military and strategic concerns that are current US priorities.

I. FREEZE THE 150 ACCOUNT AND REDIRECT RESOURCES TO MEET HUMAN NEED.

In a departure from the pattern of the past seven years, the Administration's budget request seeks a relatively small overall increase. This request reflects respect for the need to meet deficit reduction goals that have resulted in decreases in US foreign aid for three consecutive years. However, as in past years, most of the increase requested is for security assistance, with only a slight increase requested for development assistance. Therefore, consistent with our past position, we do not advocate an increase in the foreign aid budget or in function 150 as a whole. We believe that an increase in the current program, with its security and military emphasis, would further impede development objectives. Instead, we recommend that you freeze the 150 account and redirect resources to increase effective development assistance. By effective assistance, we refer to development projects that focus on small producers; include local participation in planning, implementation, and evaluation, and promote self-reliance and sustainable, broadly-based economic growth with equity. In our view, the true test of any foreign aid program is whether it reaches poor people and helps them improve the quality of their lives. We are convinced that security assistance counters those objectives and fear that, as in the past, any increase in US foreign aid would be primarily concentrated in that portion of the pie. Therefore, we believe that redirecting current resources to effective development assistance is a more effective and realistic way of improving and strengthening the US foreign aid program.

II. SECURITY ASSISTANCE SHOULD BE DRASTICALLY REDUCED

From 1981 to 1985, the overall foreign aid program grew by 49 percent. However, during that time development assistance grew by just 18 percent while security assistance grew by 69 percent. Although security assistance has taken the brunt of the foreign assistance cuts since 1985, it remains 23 percent higher (in constant 1988 dollars) than 1981 levels. Development assistance, on the other hand has decreased 9 percent since 1981. We urge that security assistance be drastically reduced for the following reasons:

Military assistance is antithetical to the primary objective of helping the poor of developing countries.

The Administration's FY 89 budget request proposes a nearly $200 million increase in US military assistance, predominantly for the Foreign Military Sales program. (This will become a misnomer in 1989 if the program moves to 100 percent grant assistance, as the Administration proposes). Bolstering the military budgets and armed forces of developing countries with military assistance is in opposition to efforts to promote greater economic justice, human rights and democracy. Ruth Leger Sivard reports.in *World Military and Social Expenditures 1987-88* that more wars were fought in 1987 than in any previous year on record; four-fifths of the deaths in those wars were civilian. Since WWII, all conflicts except the invasion of Hungary have taken place in the Third World. In 1987, military defense budgets in the Third World were seven times as large as in 1960, but half the people living there currently do not have access to safe drinking water.

Military assistance serves destructive rather than constructive purposes, seriously impeding economic growth.

In Central America, where President Reagan requested $422 million in ESF and $164.8 million in military assistance, regional conflict has escalated, intraregional trade plummeted, real wages and salaries declined, unemployment and underemployment jumped, and per capita economic output declined to 1970 levels. For instance, in El Salvador the 1985 gross domestic product was 20 percent below that of 1978. From 1979 to 1986, the people of Honduras suffered a steady decline in per capita income, and unemployment reached 41 percent. Economic aid cannot stimulate economic growth while military assistance simultaneously fuels destructive regional and civil war. In Africa, externally financed and politically backed conflicts impede economic growth. For example, in Mozambique and Angola, rebel forces receive military and logistical support from South Africa. UNITA, the rebel force in Angola, also receives military assistance from the US. Both Mozambique and Angola have great economic and agricultural potential, yet the civil wars in those countries have left their people starving and maimed and their economies severely disrupted. In addition, while the US appropriated $50 million for SADCC last year, the SADCC countries were forced to pay an extra $300 million to transport their goods through South Africa because rail lines in Mozambique and Angola are disrupted by South African-backed rebel forces. The positive effects of US development aid can be virtually nullified in such areas of conflict. We believe that the US government should provide additional funding for constructive, effective development assistance to southern Africa and not support the destructive efforts of UNITA.

US military assistance helps discourage the development of democratic systems and encourages human rights abuses.

In 1987, of the top 20 US military assistance recipients, nine were frequent human rights abusers (based on categories in Leger Sivard's report). Of the 20 poorest US military assistance recipients, 16 had military governments and 7 were frequent human rights abusers. For example, in Sudan, government-aided militia killed between 1,000 and 3,000 Sudanese in the Southern Kordofan Province. The British Council of Churches has distributed a report by two Dutch medical doctors documenting numerous atrocities and killings committed by the Sudanese military in Southern Sudan. In the Philippines, where upwards of 70 percent of the population lives in poverty, Amnesty International has reported that a renewed emphasis on counter-insurgency has resulted in serious human rights abuses both by government military forces and paramilitary "vigilante" groups supported by the military. With US aid providing 83 percent of Philippine military operations, maintenance and procurement budgets, it is not surprising that ordinary Filipinos fix the ultimate blame for their suffering at the hands of the military on the US government. In El Salvador, where the President requests $96.5 million in military assistance, death squad killings are reported to be on the rise, with bodies once again appearing in the streets of the capital, San Salvador. With the Christian Democratic Party rapidly losing credibility as a political force, the right wing party, ARENA, identified with the military and paramilitary death squads, is gaining power in an increasingly polarized political and violent situation.

The International Military Education and Training program, which the Administration's request would increase by nearly 11 percent in FY 89, professionalizes and strengthens armed forces in Third World countries where civilian, democratic institutions are typically weak. In Guatemala, then newly-elected President Vinicio Cerezo well understood the threat that a strengthened military would pose to his country's new democracy when he asked that the US delay its military assistance. "We have to deal with the army of Guatemala to be able to establish a real civilian government," he said. The US government disregarded President Cerezo's plea delivering over $5 million in military assistance to Guatemala in 1986. For FY 89 the President again requests over $5 million in military aid for Guatemala. We strongly urge the Subcommittee to cut off military assistance to Sudan, the Philippines, El Salvador, and Guatemala and other countries where human rights abuses are linked to the military.

ESF does not serve development objectives

While some would claim that ESF is developmental in nature, the security and political interests that motivate ESF defeat the objective of helping the poor in developing countries to alleviate their poverty. Findings from our studies show that ESF skews US foreign aid to countries of perceived strategic importance rather than to the neediest countries. We also found that the two principal forms of ESF, cash transfers and projects, are not directed to meet the basic needs of the poor.

The security and political interests that drive the Economic Support Fund skew the entire foreign aid program away from the objective of helping the poor in developing countries.

We note that, as US foreign assistance has decreased since 1985, countries not perceived to be of strong strategic or political interest to the US have been the first to be cut off from ESF funds regardless of their development needs. Six of the ten poorest 1987 ESF recipients were cut in 1988; less than 10 percent of ESF currently goes to low income countries. In addition, nearly all ESF in 1988 is earmarked for specific countries. Although some of these countries are very poor, they are all perceived to be of strong political and strategic interest to the US. These facts further confirm our belief that ESF supports military and security--not development--goals.

The pull of security and political concerns away from development needs is also evident when viewing US foreign aid regionally. From 1981 to 1985, ESF increased both in quantity and in numbers of recipients to many countries not perceived to be of strong security interest to the US, particularly in Africa and Latin America. But since 1985, ESF to Latin America has decreased by 56 percent, and the number of recipients has gone from eleven to five (four of those in Central America). Africa receives 81 percent less ESF, and the number of recipients has gone from 22 in 1985 to just 9.

We use the example of the disproportionately deep cuts to Africa as opposed to Central America to point out the strong political and non-developmental nature of ESF. We do recognize, however, that development assistance to Africa increased in 1988 through the establishment of the Development Fund for Africa. We find this to be a generally positive change, although we hope that centrally funded programs to Africa will not be cut as a result. We also urge the subcommittee to monitor the provision of sectoral aid for policy reform under the DFA to ensure that policy changes benefit the poor and, conversely, avoid the negative effects on the poor that have occurred under IMF and World Bank structural adjustment lending. We do not believe AID should become involved in structural or sectoral adjustments for reasons explained under the last recommendation of our testimony.

Cash transfers, the principal form of ESF assistance, rarely provide aid to the poor of developing countries.

In 1987, some 67 percent of ESF was transferred in cash. Ten countries, all perceived to be of high security and political interest to the US, received 96 percent of all cash transfers. US law prohibits the use of this aid for military purposes. However, despite commendable congressional efforts to establish separate recipient government accounts for ESF, evidence shows that ESF is still very susceptible to diversion. GAO reports confirm that the large amounts of cash assistance, the limitations of AID staff, institutional weaknesses and corruption in recipient governments, and the prevalence of security and political interests make it nearly impossible to ensure that cash transfers will not free up other resources for military and/or corrupt purposes, particularly in areas of conflict such as Central America. For example, last year a Honduran newspaper reported allegations by Vice-President Jaime Rosenthal that as much as 30 to 50 percent of US assistance, a large portion of which is in the form of ESF cash transfers, had been stolen or wasted.

Most projects funded under ESF are not directed to long-term development needs.

In 1987, projects accounted for only 29 percent of ESF. In addition, it is significant to note that nearly 79 percent of ESF project aid went to just eight countries. While many of these projects have resulted in some economic benefits, they are primarily designed to address perceived security concerns not to meet long-term development needs. For example, an AID official in Egypt said that projects serving longer-term economic development goals must be subordinated to more highly visible projects that serve the more immediate political goal of demonstrating US support. In Pakistan, most ESF projects have been concentrated on the Afghan border in large, highly visible projects. While these projects may provide economic benefits to the people living in that region, they are designed in response to perceived security--not long-term development--priorities.

III. EFFECTIVE BILATERAL AND MULTILATERAL DEVELOPMENT ASSISTANCE SHOULD BE INCREASED.

Increases in effective bilateral and multilateral development assistance would greatly enhance the US foreign aid program. As we have consistently pointed out, effective foreign assistance promotes sustainable and broadly-based development through projects that focus on small producers; include local participation in the planning, implementation and evaluation; and encourage self-reliance. With these criteria in mind, we offer the following recommendations:

Bilateral Assistance

We urge you to give high priority to assistance to Africa, including the regional Southern African Development Coordination Conference (SADCC). We strongly supported the creation last year of the African Development Fund and express appreciation to this Subcommittee, especially Senator Kasten, for a key role in bringing the African Development Fund into being. We hope that, building on last year's accomplishments, the Subcommittee will this year strengthen some of the legislative provisions, in particular those relating to consultation with local groups and the roles of African women in development.

In view of the severity of African development problems and the genuine effort a number of African leaders are making to stabilize and redirect their economies, we urge minimum funding of $600 million for Africa for FY89: $500 million--the FY88 level--for the African Development Fund, and $100 million--an increase of $50 million over FY88--for SADCC. We also hope the SADCC funding will be provided without country restrictions. We believe the SADCC funding crucial to efforts of southern African countries to develop a regional transport network and take other initiatives to lessen their economic dependence on South Africa.

We also urge this subcommittee to support efforts to strengthen the role of women in development. We are supporters of Senator Mikulski's initiative, S. 2330, introduced earlier this spring, to improve and expand AID efforts to promote the participation and integration of women as equal partners in the development process in developing countries. We also support provisions of S. 2330 that would make available $1 million for UN programs that specifically support and promote women's development roles:

$800,000 for the UN Development Fund for Women (UNIFEM) and $200,000 for the International Training and Research Institute for the Advancement of Women (INSTRAW). **We urge you in the FY89 appropriation to support language that would strengthen AID's women in development initiatives, along with $5 million funding for facilitating those initiatives, and to make available $1 million for UN women in development programs, as proposed in S. 2330.**

Multilateral Assistance

Interfaith Action has long supported multilateral organizations as potentially more effective vehicles than bilateral programs for US aid resources. US contributions to them leverage funds from other countries, amplifying their potential developmental impact; and multilateral aid is generally less politically oriented than bilateral aid.

International organizations and programs: We continue to support those UN agencies that emphasize grassroots development in the poorest countries. We were, therefore, disturbed to see that, once again, the Administration has chosen to submit a request for international organizations and program that is unrealistically low--nearly $45 million below the FY 88 level. Moreover, much of the reduction falls on those agencies that, in our estimation, have been most effective in supporting grassroots level development. Therefore, we urge, at a minimum, that funding for UNICEF be raised to $60 million, a small increase over the FY 88 level (+$22.4 million), that the UN Development Fund for Women (UNIFEM) be funded at as high a level a possible (see above), and that the World Food Program be funded at the FY 87 level of $1.8 million (+$820,000).

We are equally concerned by the failure of the Administration and the House of Representatives to include more than $2.5 million for the International Fund for Agricultural Development (IFAD) in its FY 89 request. While some are arguing for only a token payment pending completion of replenishment negotiations later this year, we believe failure to provide a higher level than $2.5 million could be wrongly interpreted as lack of interest in IFAD on the part of the US. Because it is our understanding that replenishment negotiations will most likely result in an increase over the second replenishment, it is realistic to project that at least $30 million would be needed for FY 89 for the first year of a three-year pledge.

We therefore urge the committee to follow its precedent in the 1986 foreign aid appropriation bill, when the last replenishment negotiations were under way, by appropriating $30 million and making payment conditional on completion of the replenishment negotiations. At that time the committee appropriated the anticipated level of the replenishment but included bill language that provided those funds could not be made available until a request had been received by Congress and the US had entered into an agreement to participate in the second replenishment.

Multilateral development institutions: With respect to multilateral development institutions, our highest priority is funding for the concessional facilities: the International Development Association (IDA) and the regional soft loan windows. These funds go to countries that have difficulty securing external private investment and that have little capital available internally for development. We urge support for the full Administration request for the concessional facilities and for payment of arrearages to the extent possible.

IV. THE FOREIGN AID PROGRAM SHOULD BE COUPLED WITH DEBT RELIEF FOR THE POOREST DEVELOPING COUNTRIES.

As I mentioned earlier, our relatively small amount of foreign assistance is overshadowed by the immensity of the debt problem in the majority of developing countries. In the Philippines, for example, according to the World Bank, the external debt amounted to $28.2 billion in 1986. A study by the Institute on Church and Social Issues in the Philippines reports that, between 1987 and 1992, the country's debt service will total $21.6 billion, which is $18.2 billion more than it will receive in new credits.

Meeting that debt service will consume 45 percent of the Philippines' export earnings. The devastating impact of the transactions reflected in such figures make it impossible for an impoverished region or country to create an economic base necessary to establish and maintain real democracy.

Africa offers an at least equally urgent regional example: The external debt of the continent rose from $128 billion in 1982 to $200 billion at the end of 1986, the equivalent of 45 percent of the continent's Gross Domestic Product (GDP) and 293 percent of its shrinking export earnings. Sub-Saharan African countries paid $15 billion in 1986 to service their debt. That same year, because of falling commodity prices, Africa's export earnings dropped by $19 billion. These losses far exceed the $18 billion sub-Saharan Africa received in export earnings, investment, and development assistance in 1986. Debt service payments for the continent have risen from 15 percent of export earnings in 1980 to over 30 percent in 1986; for several of these countries, scheduled debt service ratios now exceed 100 percent. Thus, although African debt is less than one fifth of the total Third World Debt, the burden is far greater for those disadvantaged economies than for some of the economically more advanced countries of other regions.

Because we believe debt relief is imperative, we are disturbed by statements recently made by the US and its economic allies that flatly refuse to consider debt forgiveness. Efforts to promote development and economic growth in the Third World cannot succeed while so large a percentage of developing country resources is required for debt service and while their export earnings are steadily being eroded by inequitable terms of trade. For this reason we are unprepared at this time to support a general capital increase to the World Bank unless it is accompanied by a firm commitment to a broader approach to debt relief. Increased lending to developing countries without addressing their already pressing debt burdens simply aggravates an already grave situation. At best, it treats the symptoms instead of the causes of the serious dislocations in the global economy.

Ironically, the only serious congressional move on debt was the steps taken to relieve the Foreign Military Sales debt owed to the US by a few relatively well-off countries. We urge Congress to move with a greater sense of purpose to relieve non-military owed the US by the poorest developing countries. In particular, because about four-fifths of sub-Saharan Africa's debt is owed to multilateral institutions or to governments (including our own), we urge Congress to follow the lead of Canada and several European governments that have already provided some official debt forgiveness to the poorest African countries. Specifically, we encourage selective use of the authority provided by Section 124 of the Foreign Assistance Act, which authorizes the President to permit least developed countries to use the local-currency equivalent of development loan repayments for agreed development projects in the indebted country. We encourage the use of that authority as long as it results in new resources for Africa and does not subtract from existing development assistance funds for the continent. We would also urge Congress to explore further other proposals to relieve Africa's debt burden, including conversion of US bilateral loans to grants, reduction of interest rates on past loans, a moratorium on debt service, conversion of official debt into long-term securities, and the rescheduling of official loans at highly concessional terms.

While we are not yet ready to endorse any of the proposals that have thus far emerged in Congress, there are two we believe move in the right direction. H.R. 4130, introduced by Representative Pease, proposes a debt facility that calls for conditionalities to promote equitable distribution of wealth, the well-being and empowerment of the peoples of the indebted country, creation of safe, healthy, and environmentally sustainable jobs, and the advancement of health, housing, education, and other basic human needs. The other, introduced by Delegate Fauntroy, calls for IMF Special Drawing Rights to be allocated on the basis of need rather than wealth, with no interest payment for the first user in order to facilitate debt repayment.

In principle, we support debt relief for developing countries and evaluate the various proposals that have emerged recently upon how well they fulfill the following criteria:

- Lift the burden of adjustment from the shoulders of those least responsible and most vulnerable.
- Share the burden equitably among creditor institutions and the debtor governments, corporations, and elites that incurred the debt.
- Alleviate factors under US control that add to the debt burden of developing countries.
- Support developing nations' efforts to foster economic self-reliance and political self-determination.
- Ensure that efforts to alleviate the debt burden benefit the poor and help move debtors beyond debt repayment to development.
- Promote a just international economic system.

Current structural adjustments programs are not solving the global debt problem

There exists a broad range of concerns surrounding the issue of structural adjustment among the members of our coalition. Our thoughts range from attempting to make structural adjustment more responsive to the needs of the poor to a fundamental questioning of the entire concept of forcing individual nations to fit into an international development model that subjugates poor countries. However, we do agree that we are opposed to structural adjustment programs as currently constituted and that an in-depth assessment of structural adjustment lending (which now makes up one-quarter of World Bank lending and one-third of ESF cash transfers) is necessary. We urge the subcommittee to evaluate the effectiveness of structural adjustment lending, keeping these specific concerns in mind;

We believe the export orientation of current structural adjustment programs is wrong and that, if there must be adjustment programs, food production for domestic consumption and economic diversification should be much more strongly emphasized. The current obsession with a development model tied to exports often means that: 1) growing cash crops for export often displaces food production for local people, which results in hunger and want; 2) excess or improper cash cropping can deplete and damage the environment, 3) poor farmers, especially women, are further marginalized as cash cropping displaces food producers from the best land: and 4) exports don't earn sufficient income because of low prices for commodities. The harder industrialized nations push the export orientation, the greater the developing country debt becomes.

We oppose the inequities of structural adjustment. Poor countries (and poor people within those countries) are bearing the brunt of adjustment when, in fact, industrialized countries, including the US, also need to adjust in order to create a healthy and just global economy.

The burden of structural adjustments "austerity" usually falls on the backs of the poor within a country. Adjustment policies often result in increased prices of imports and basic foods, rising unemployment, and cuts in social services. Such adjustment is not fair and should not be supported. Government policies should support growth with equity and avoid adjustment that adversely affects the poor.

CONCLUSION

It is our hope that, in considering the FY89 foreign aid requests, the Senate will look beyond the shorter-term interests and East-West ideological concerns that have predominated during the last seven years. In summary, we believe that a far more effective foreign aid program can be achieved by:

1) Freezing the 150 account and redirecting resources to development assistance that meets human needs;
2) Drastically reducing both military assistance and ESF;
3) Increasing effective bilateral and multilateral development assistance; and,
4) Alleviating the debt burden of developing countries.

These recommendations acknowledge budgetary constraints and suggest ways that Congress can design a more effective foreign aid program that would foster a healthier, more equitable global economy and tap the potential of the poor in developing countries to alleviate their own poverty.

Note: Although the Union of American Hebrew Congregations believes that Congress should seek to redress the imbalance between development and security assistance, it does not concur in any proposal that would reduce levels of assistance to Israel.

ALL-GRANT DEVELOPMENT PROGRAM

Senator INOUYE. Thank you very much.

I am sure you are aware that 4 years ago we started the all-grant development program. It is no longer a loan, and right now we are looking for ways to reduce the debt burden for LDC's through the use of local currency. But it is not just dealing with AID or the State Department.

We have to deal with other entities of the administration, such as the Treasury. But we are working on it.

Ms. ALEXANDER. Just to remind you, I am sure you are aware that the development debt of Africa to the United States is about $75 million a year, and Africa's overall burden is $4.5 billion in bilateral loans that need to be paid back, which is quite trivial, as you know, to the kind of debt deal that was offered to creditworthy countries last year.

So I appreciate your continuing concern with the problem.

Senator INOUYE. Thank you.

BREAD FOR THE WORLD

STATEMENT OF REV. WILLIAM J. BYRON, S.J., CHAIRMAN, BREAD FOR THE WORLD

ACCOMPANIED BY ELMIRA NAZOMBE, INTERNATIONAL TEAM LEADER, ISSUES DEPARTMENT

PERSPECTIVES ON NATION'S FOREIGN AID PROGRAM

Senator INOUYE. The next witness is the Chairman of Bread for the World, the Reverend William Byron. It is good to have you here.

Reverend BYRON. Thank you.

I am accompanied by Elmira Nazombe, who is the International Team Leader in the Issues Department of Bread for the World.

My full-time job is President of the Catholic University of America, but I serve as chairman of the board of directors of this some 40,000 member organization from across the country. I am sure you have heard from them from time to time.

Senator INOUYE. I will call you Mr. President, Mr. Chairman, and Father.

Reverend BYRON. We are pleased, of course, to be able to present our perspectives on the Nation's foreign aid program, and I will try to digest that lengthy testimony that we have.

We are disturbed that our foreign aid program continues to place its greatest priority, nearly 60 percent of the total request, on military and security assistance. It is our view that a stronger development assistance program should be the cornerstone of the U.S. response to human suffering in the Third World.

We support bilateral and multilateral development assistance programs which maximize the grassroots participation in development, ensure child health, strengthen African efforts to counteract South Africa's destabilization of its neighbors.

And in addition, we believe that serious consideration should be given to important new initiatives promoting expanded participation by women and debt relief for the poorest countries.

PARTICIPATION BY WOMEN IN PROGRAMS

It is time to begin redirecting U.S. foreign aid toward its mandated goal of helping the poor majority in developing countries. Bread for the World strongly supports Senate bill 2330, a bill to promote the integration of women in the development process in developing countries. And we urge the subcommittee to adopt the central provisions of this bill, and we would like in that connection to make three points:

First, that women are an essential part of the economies and societies of the Third World countries.

Second, women have been neglected by most development assistance, including much of that given through the Agency for International Development.

And third, the provisions of the Women in Development Act of 1988, with oversight by this subcommittee and by the authorization committees, can make a substantial improvement in the benefits of U.S. development assistance to Third World women.

SOUTHERN AFRICAN DEVELOPMENT COORDINATION CONFERENCE

I would like to say a word about the Southern African Development Coordination Conference, SADCC. It is a regional, as you know, organization of African nations bordering South Africa.

It is working to reduce the dependence of the member states on apartheid South Africa through the building of an alternative infrastructure to help accelerate economic growth and improve living conditions.

Last year, Congress approved $50 million in development assistance to support the efforts of SADCC, and we urge that fiscal year 1988 funding level of $50 million be maintained in fiscal year 1989 and be given according to SADCC's own priorities.

THIRD WORLD DEBT RELIEF

I would like to say a word also about debt relief, Third World debt relief. We request that some modest yet significant action be taken in the area of official bilateral debt relief for the poorest nations, many of which are in Africa.

We support H.R. 4575, introduced on May 11 by Representatives Matthew McHugh and Silvio Conte, which proposes that $75 million be authorized and appropriated to implement section 124 of the Foreign Assistance Act. This would enable the President to allow some of the least developed countries to repay their bilateral development debt in local currency.

And these resources would in turn be used to promote development activities in those countries. We would urge the Senate to consider action on a debt relief proposal as well and, equally important, to provide the funds in a fashion that would not in effect subtract resources from the development assistance budget.

Bread for the World was particularly pleased by the progress of the House foreign aid authorization bill, H.R. 3100, the provision there for a 5-year debt moratorium for African countries which passed the House in 1987 and again this year.

While the U.S. bilateral debt of African countries is only a very small fraction of Third World debt in general, representing an annual repayment to the United States of only $74.3 million, as was pointed out by the previous witness, we believe that the immensity of the burden and our ability to assist compel us to take at least this step at the earliest available opportunity.

I point out that just last week President Francois Mitterand of France announced that France will forgive up to one-third of the public debt owed to it by the poorest nations.

Relative to Africa, Bread for the World appreciates the opportunity to bring to your attention the situation of underdevelopment in sub-Saharan Africa and the need for a comprehensive development plan that will directly address the problems that make Africa the poorest continent, with the highest infant mortality rate, the lowest life expectancy rates, and the lowest quality of life indices.

Bread for the World opposes the administration request to reduce the funding level of the development fund for Africa by $40 million for fiscal year 1989, and we applaud the House's maintenance of this funding level at $500 million. We urge the Senate to provide $500 million as well, and we urge the priority of stronger policy language to guide the use of the funds.

SUDAN

The administration has proposed providing $6 million in military aid to the Sudan. Bread for the World believes military assistance to this government would exacerbate the humanitarian crisis unfolding in the southern part of Sudan.

IFAD

I would like to say a word about IFAD. Bread for the World of course supports IFAD. It is widely recognized as one of the most effective and appropriately focused international financial institutions.

We agree with the administration that IFAD's promotion of Third World agricultural development continues to merit support from the United States and the international development community, and we have been gratified by congressional support for IFAD in the past.

Given this strong support in the past and the promises of more in the future, we are concerned about the lack of demonstrated administration and congressional support for a regular appropriation for IFAD in this critical year of its third replenishment.

So we urge that the full $30 million appropriation be set aside for IFAD for disbursal upon the completion of the replenishment negotiations.

MICROENTERPRISE CREDIT

Just a word about microenterprise credit. We urge an increased level of assistance to the microenterprise activities of AID to $75 million, as provided by the House.

And now, the African Development Foundation, ADF, and the Inter-American Foundation, IAF. Bread for the World strongly supports the work of ADF and IAF, two excellent models of U.S. assistance to grassroots initiated development in the Third World.

We applaud their direct funding of indigenous nongovernmental organizations and their ability to maximize local control over development activities through a strong emphasis on local personnel.

We urge the subcommittee to provide $8 million for ADF to enable it to incorporate the recommendations of the recent OTA report, to enhance its effectiveness by increasing funding for women's projects, expanding the number of projects, placing high priority on resource and environmental conservation, expanding technical training for grassroots organizations, and strengthening staff skills development.

For IAF, we urge the subcommittee to provide the maximum amount possible in view of the $20 million authorized for the institution.

We hope the subcommittee will provide at least $16.6 million provided by the House at this important turning point in IAF's funding history.

CHILD SURVIVAL FUND

Now a word about the Child Survival Fund. The progress that has been made in child health care in the last 5 years has been impressive. The promotion of immunization and oral rehydration therapy in particular is now saving the lives of approximately 2 million children a year.

U.S. support has been praiseworthy. Since 1985 when the Child Survival Fund was established, the U.S. Government has committed nearly $500 million in support of child survival activities in 52 countries.

It is a record of accomplishment and one of which AID, this subcommittee, and the people of the United States can be proud.

Nonetheless, we are very concerned that the support of the Congress and AID for health assistance is flagging noticeably. Last year, in spite of the establishment of an AIDS prevention and control fund and a small increase in the Child Survival Fund, overall health assistance actually declined by $5 million.

Our recommendation is $80 million for the Child Survival Fund exclusive of funding for Africa, $125 million for AID health apart from funding for Africa. and an earmark in the Africa fund of $75 million for health assistance, including child survival.

We also strongly support an increase in funding for UNICEF to $60 million.

I was thinking, Mr. Chairman, on my way in here, when we were taught manners as children, we were always taught to say please and to say thank you. And I want to say thank you for all you have done and say please for these requests that we have listed today.

And that concludes my testimony. I will be happy to answer any questions.

[The prepared statement of Reverend Byron follows:]

STATEMENT OF WILLIAM J. BYRON S.J.
CHAIRMAN, BREAD FOR THE WORLD

Mr. Chairman and members of the Subcommittee, I am William J. Byron, President of Catholic University and Chairman of Bread for the World. I appreciate this opportunity to appear before the Subcommittee at the beginning of its deliberations on Fiscal Year 1989 foreign assistance appropriations, to share with you Bread for the World's perspectives on our nation's foreign aid program.

Before outlining several specific program initiatives which we believe deserve your support, let me say a few words about our general views.

As we have indicated in the past, we are greatly disturbed that our foreign aid program continues to place its greatest priority--nearly 60% of the total request--on military and security assistance. It is our view that a stronger development assistance program should be the cornerstone of U.S. response to human suffering in the Third World. It is U.S. support of locally developed initiatives which seek to improve health and increase opportunities for economic self sufficiency for the poorest people in developing countries that can be our most important contribution to world peace and security.

We support bilateral and multilateral development assistance programs which maximize grassroots participation in development, ensure child health, strengthen African efforts to counteract South Africa's destabilization of its neighbors. In addition we believe that serious consideration should be given to important new initiatives promoting expanded participation by women and debt relief for the poorest countries. We note that the recent passed House foreign aid appropriations bill includes a more than $400 million increase in military assistance. Military conflicts (some involving countries receiving U.S. military assistance) this year have put millions of people at risk of starvation in Africa. We contend that funds for development programs can and ought to be funded by reductions in military and security assistance programs. It is time to begin redirecting U.S. foreign aid toward its mandated goal of helping the poor majority in developing countries.

Let us turn to specifics:

WOMEN IN DEVELOPMENT

Bread for the World strongly supports S. 2330, a bill "to promote the integration of women in the development process in developing countries," and urges the subcommittee to adopt the central provisions of this bill. We would like to make three points.

1. Women are a central part of the economies and societies of Third World countries.

Women produce more than half of the food in Third World countries. In cities and towns they are vital to small-scale economic activity which comprises at least 30 percent of all urban economic life. Large numbers of women work as traders and as small-scale producers of goods such as clothing and prepared food.

Women also play a crucial role in the lives of their families. Their income is vital for family survival, as their earnings provide their families with the most basic needs: food, medicine and schooling. Moreover, one-third of families in the Third World are headed by women due to factors such as war and the pressures for men to seek work elsewhere. Many poor Third World women work 17 hour days, caring for children, carrying out household responsibilities, and working outside the home. In spite of their work, they remain poor.

2. Women have been neglected by most development assistance, including much of that given through the Agency for International Development.

The A.I.D. Administrator said recently "[A.I.D.] has a...policy that requires that all of A.I.D's programs and projects take into special account the specific roles and contributions of women."

It is important to make two observations with respect to this statement and A.I.D.'s women in development efforts in general.

1. Under Section 113 of the Foreign Assistance Act, sometimes referred to as the Percy Amendment, A.I.D. is only required "to give particular attention to those programs, projects, and activities which tend to integrate women into the national economies of developing countries." It is not clear to us how much effort on A.I.D.'s part "particular attention" requires. It is certain that A.I.D.'s policy is not required by law.

What is clear is that A.I.D. is very far from having all its programs and projects take effective account of women. This is clearly established by two recent evaluations of A.I.D.'s WID efforts undertaken at the request of A.I.D.

The first report "Women in Development: A.I.D.'s Experience, 1973-1985" was completed in 1987. This report clearly established that, based on a fairly large sample, about two thirds of A.I.D.'s projects neither did a good job of analyzing women's roles nor of incorporating women into the project. For example, the study examined 92 project design documents and found that 32 had no mention of women's roles, 28 had a level of analysis which the study characterized as "boilerplate" and only 31, or about one-third, had specific analysis of women's roles.

The Development Associates report stated:

> "A.I.D.'s Women in Development Policy is not being implemented fully or vigorously, and there is little enthusiasm and few incentives for doing so. Without meaningful Agency-wide acceptance of responsibility for implementation of this policy, the efforts of PPC/WID [the A.I.D. WID office] will be marginally useful at best. With several notable exceptions the attitude of personnel within A.I.D.'s Bureaus and Missions with respect to WID issues is one of tolerant indifference."

Our own staff evaluation of A.I.D.'s efforts in Women in Development drew similar conclusions. We found that despite the efforts of concerned people, assistance to women has low priority at A.I.D. The WID officer in one bureau spent only 15 percent of his or her time on WID activities. The WID country officers, typically both female and country nationals, were usually at the bottom of the "pecking order" in the A.I.D. Missions. It is important to note that most of the policy changes required by S.2330 are called for in the evaluations as well. For example, the Development Associates report calls for "meaningful integration of WID concerns in the preparation of CDSSs [the country development strategy statement], PIDs [the project identification document] and PPs [the final project document]" as does S.2330.

This severe lack of attention to Third World women is not confined to A.I.D. In fact, we judge A.I.D's performance to date as clearly better than the World Bank. In December of 1986, when BFW investigated the World Bank's efforts in this area, the World Bank had only 1 Women In Development officer among 3,800 professionals, and the Bank described its efforts thus: "the time has come to make 'women in development' efforts more operational." There is no question that such a change is long overdue. Bill language requiring the Executive Directors of the World Bank and other multilateral development banks to work for greater inclusion of women in MDB assistance programs passed as part of the IDA authorization bill last year.

~~The provisions of the Women in Development Act~~ of 1988, with oversight ~~by this subcommittee and by the authorization committees~~, can make a ~~substantial improvement in the benefits of U.S.~~ development assistance ~~to Third World women.~~

In our view there are three essential parts to the bill. The most important are the sections that require A.I.D. to analyze explicitly what can be done to assist women and then to carry out this analysis in its projects and programs. We emphasize that the provisions require A.I.D. to prepare no new documents, but rather to include explicitly relevant analysis of the situation of women in the documents that it does prepare. We would urge this subcommittee to adopt bill language and report language adequate to ensure that A.I.D. pay specific attention to women in its crucial documents such as the Country Development Strategy Statement, and thus in its projects and programs.

2. The provision of a modest amount of funding (S.2330 would provide

$4 million)is necessary for A.I.D. to carry out the requested policy improvements which would increase the benefits to women in a substantial part of A.I.D.'s assistance programs. These funds will be used to provide such things as improved sex-disaggregated data collection and especially, needed improvements in A.I.D. project design to substantially increase the benefits of these projects to third world women.

3. The provision of increased funding to UNIFEM(the United Nations Development Fund for Women), and INSTRAW(the International Research and Training Institute for the Advancement of Women), both of which provide valuable services to Third World women. We request that the United States, which now provides little (in the case of UNIFEM) or nothing (in the case of INSTRAW), for FY89 allocate $800,000 to UNIFEM and $200,000 to INSTRAW. These amounts are very modest, but they would enable these organizations to begin to function on the scale which which is more reflective of a serious commitment to the worldwide problem.

SOUTHERN AFRICAN DEVELOPMENT COORDINATION CONFERENCE (SADCC)

This regional organization of African nations bordering South Africa is working to reduce the dependence of the member states on apartheid South Africa through the building of alternative infrastructure to help accelerate economic growth and improve living conditions. At its inception, the nine member nations of SADCC adopted a program of action covering food and agriculture, industry, manpower development, and energy. It identified transport and communications as the main priority for SADCC cooperation. South Africa has responded to SADCC's peaceful efforts with military and economic attacks.

Last year, Congress approved $50 million in development assistance to support the efforts of SADCC to develop and recover from South Africa's campaign of economic and military destabilization. Estimated losses to member states, as a result of this destabilization, total $17 billion for the period 1980 to 1986. South African, mercenary and surrogate forces (UNITA in Angola, RENAMO in Mozambique) have sabotaged road, rail, pipeline and port facilities. Schools and clinics have been destroyed. Attacks have forced the abandonment of essential health, relief and rural development projects. A million people are displaced. Thousands have been killed, maimed and wounded.

We urge that the FY 88 funding level of $50 million be maintained in FY 89 and be given according to SADCC's own priorities. Each member state coordinates one aspect of SADCC priorities, for example: transport and communications (Mozambique); food security (Zimbabwe); agricultural research (Botswana); energy conservation and development (Angola). Bread for the World firmly believes it is critical to overall success and effectiveness of SADCC that countries which coordinate priority areas should not be restricted from receiving the necessary funds, particularly Mozambique. Denying aid to Mozambique under SADCC can only further cripple the economies of the landlocked countries and insure their continued dependence on South African transportation routes.

THIRD WORLD DEBT RELIEF

Mr. Chairman, allow me to turn your attention to the external debt situation of the poorest nations. Bread for the World has been working in this area for some time, and this year in particular, we request that some modest yet significant action be taken in the area of official bilateral debt relief for the poorest nations, many of whom are in Africa. We support H.R. 4575, introduced on May 11 by Reps. Matthew McHugh, D-NY, and Silvio Conte, R-MA, which proposes that $75 million be authorized and appropriated to implement Section 124 of the Foreign Assistance Act. This would enable the President to allow some of the least developed countries (as defined by the United Nations) to repay their bilateral development debt in local currency. These resources would in turn be used to promote development activities in those countries. We urge the Senate to consider action on a debt relief proposal as well, and equally important to provide the funds in a fashion that would not in effect subtract resources from the development assistance budget. We continue to support a net transfer of military assistance funds toward more directly productive activities. These accounts have increased 50 percent in real terms since 1980, while development assistance accounts have declined 30 per cent.

Bread for the World was particularly pleased by the progress of the House foreign aid authorization bill (H.R. 3100) provision for a five-year debt moratorium for African countries, which passed the House in 1987 and again this year. The Section 124 debt proposal described above seeks to address the same issue by taking an important, albeit modest, step toward poverty-based debt relief. Fourteen nations, eleven of them in Africa, would be assisted under the proposal. While the U.S. bilateral debt of African countries is only a very small fraction of Third World debt in general, representing an annual repayment to the U.S. of only about $74.3 million, we believe that the immensity of the burden and our ability to assist compel us to take at least this step, at the earliest available opportunity.

The U.S. role as guarantor of military loans under the Foreign Military Sales program in effect commits potentially tens of thousands of U.S. dollars to military debt relief from loan delinquencies. Development aid debt for poor countries receives no such 'favored borrower' status. In the light of the $1.6 million that has been appropriated for military debt relief Bread for the World believes that the time has come to take steps toward alleviating the developmemt assistance debt burden of the poorest countries as envisaged under Section 124.

Like many others we call for a reordering of the priorities of our foreign assistance program toward more "human" approaches to the Third World debt crisis. The debt crisis is a life and death reality for the poor of the Third World. The poor are in no way directly responsible for creating the debt but find themselves unable to afford nutritious food, cut off from health care, and confronted by a bleak economic future. UNICEF's "Adjustment with a Human Face" (1987) is one of several reports which graphically connect burdensome debt repayments of Third World governments with the increasing agony of people in those countries: in the late 1980s, 70 percent of the developing countries in Latin America, Africa, and the Middle East have experienced a widespread and sharp reversal in the trend toward improvement in standards of child health, nutrition, and education. An actual deterioration in child welfare has occurred in at least 8 countries in Latin America, 16 in sub-Saharan Africa, 3 in North Africa and the Middle East, and 4 in South and East Asia.

For the U.S., Third World debt is not mere charity. The effects of Third World debt are clearly evident in the U.S. economy, resulting in a major decline in the purchase of U.S. goods, and it accounts for a 24.8% fall in U.S. exports to debtor developing nations between 1980 and 1985. The debt crisis is estimated to have triggered the loss of about 1.6 million U.S. jobs.

In 1987 Canada approved a plan to provide almost $650 million (Canadian dollars) in debt relief for certain sub-Saharan African countries. President Francois Mitterrand of France announced on June 8 that France will forgive up to one-third of the public debt owed to it by the poorest nations. In his first major initiative since re-election, Mitterrand said, "We can no longer admit a situation where financial transfers to the South toward the North exceed transfers in the other direction by more than $30 billion, with the weight of repayments overriding new credit." Bread for the World urges the United States to join Canada and France in taking serious action to address the problem of official development debt. We believe that the implementation of Section 124 of the Foreign Assistance Act is an important first step for the U.S., toward a more comprehensive Third World debt relief package, that could be mutually beneficial to the U.S. and the poor in debtor developing countries.

AFRICA

Bread for the World appreciates the opportunity to bring to the attention of this Subcommittee the situation of underdevelopment in sub-Saharan Africa and the need for a comprehensive development plan that will directly address the problems that make Africa the poorest continent with the highest infant mortality rates, the lowest life expectancy rates, and the lowest quality of life indices.

Bread for the World recognizes that millions of U.S. dollars have failed to make a lasting improvement in Africa's standard of living, a fact illustrated by Africa's continuing tragic vulnerablity to drought and famine. We are concerned that our aid programs have been poorly planned, are sometimes ineffective and that often assistance does not reach the people for whom it is intended.

We were greatly encouraged by last year's Congressional efforts to institute policies that would provide for enhanced participation by local African people in all phases of projects supported by U.S. development aid. These efforts were the culmination of two years of research, discussion, workshops and public hearings with Africans, development experts, and private agencies working overseas. The efforts of A.I.D. were also examined, confirming Bread for the World's view that aid programs have often been ineffective because they have failed to: 1) involve local African people and organizations in all phases of assistance programs; 2) consider the needs of African women who produce 80% of Africa's food and comprise at least 30% or all urban economic activity; 3) recognize at an early stage the need to protect the natural resource base of Africa to preserve agricultural productivity; and 4) emphasize the importance of health and population planning programs that sustain the human resource base for African development.

Although we are disappointed that a foreign aid authorization bill has not yet passed, we appreciate the Senate Foreign Relations Committee's acceptance of good policy language in its Africa bill, S. 701, and the House approval of strong Africa policy language in its foreign aid authorization bill, H.R. 3100. Both reflect a development approach that directly responds to the pressing African development problems and supports African nations' efforts to redirect their own development agendas. The policy language in both reflects the central role of women in the development process and the essential redirection of A.I.D. resources toward increased support of grassroots-initiated development. The House foreign aid authorization bill requires that all development programming integrate women and include consultation with indigenous local African and other non-governmental organizations at all stages of the process. It defines natural resources, health, and family planning as critical sector priorities by earmarking for each a minimum level of 10% of the total appropriated funds.

Unfortunately, very little of this guiding language was incorporated into the FY 88 Continuing Resolution which approved $500 million for the newly-created Development Fund for Africa. Since the likelihood of passage of a foreign aid authorization bill seems small again this year, it is important that the FY 89 appropriations bill incorporate strengthening language. Bread for the World opposes the Administration request to reduce the funding level of the Development Fund for Africa by $40 million for FY 89. We applaud the House's maintenance of this funding level at $500 million. We urge the Senate to provide $500 million as well, while we urge the priority of stronger policy language to guide the use of the funds. We further urge the establishment of 10% minimum levels of assistance for the critical sectoral priorities of natural resources, health, and family planning.

NO MILITARY AID TO THE SUDAN

The Administration has proposed providing $6 million in military aid to the Sudan. Bread for the World believes military assistance to this government would exacerbate the humanitarian crisis unfolding in the southern part of Sudan.

The UNHCR estimates that 8,000 to 10,000 Sudanese refugees have been arriving in Ethiopia monthy since November. Nearly two million have migrated north to Khartoum. Relief workers in Ethiopia and Sudan report that the condition of thousands of these refugees is critical. A survey conducted by International Action Against Hunger two weeks ago revealed that among the new arrivals in Kordofan, more than 80 percent of the children were suffering from severe malnutrition. The famine is already being compared with that of Ethiopia in 1984-85.

For the U.S. to send military aid into a situation where conflict has such a devastating effect on people's lives is counterproductive and would mean only further exacerbation of an already cruel situation.

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

Bread for the World appreciates the opportunity to testify again on behalf of IFAD, which is widely recognized as one of the most effective and appropriately-focused international financial institutions. We agree with the Administration that IFAD's promotion of Third World agricultural development continues to merit support from the U.S. and the international development community, and we have been gratified by Congressional support for IFAD in the past. Given the strong support in the past and the promises of more in the future, we are concerned about the lack of demonstrated Administration and Congressional support for a regular appropriation for IFAD in this critical year of its Third Replenishment.

Bread for the World considers funding for IFAD as a priority in U.S. assistance to international organizations. The token $2.5 million level for FY 89, as the Administration and House Foreign Operations Subcommittee propose, is unacceptable. We urge that a full $30 million appropriation be set aside for IFAD, for disbursal upon the completion of the Replenishment negotiations. This was done in 1986, during the Second Replenishment, and a refusal to follow that precedent would signify a significant U.S. retrenchment of support for IFAD, not only in terms of IFAD's current programming and a negative signal to the negotiations, but also in terms of serious bottlenecks in future U.S. funding.

MICRO-ENTERPRISE CREDIT

Following from Bread for the World's work in 1987 in support of S.998, the Micro-Enterprise Loans for the Poor Act, we urge an increased level of assistance to the micro-enterprise activities of A.I.D., to $75 million, as provided by the House. Bread for the World has followed with interest the response of A.I.D. to the FY 88 Continuing Resolution's provision on this subject. We regret that people from developing nations with expertise in micro-credit programs were not appointed to the Advisory Committee provided for by the legislation. We have been disturbed by the slowness of the Agency's implementation of the legislation, and its reluctance to embrace even this modest redirection of support toward the poorest people. Yet, we appreciate the Subcommittee's attention to this important new endeavor, and we urge the Subcommittee and the Agency to fully support the Advisory Committee's recent guidance that 50% of the program's resources be provided for women and that average loan sizes be limited to $300.

THE AFRICAN DEVELOPMENT FOUNDATION (ADF) AND THE INTER-AMERICAN FOUNDATION (IAF)

Bread for the World strongly supports the work of ADF and IAF, two excellent models of U.S. assistance to grassroots-initiated development in the Third World. We applaud their direct funding of indigenous non-governmental organizations and their ability to maximize local control over development activities through a strong emphasis on local personnel.

We urge the Subcommittee to provide $8 million for ADF, to enable it to incorporate the recommendations of the recent OTA report, to enhance its effectiveness by increasing funding for women's projects, expanding the number of projects placing high priority on resource and environmental conservation, expanding technical training for grassroots organizations, and strengthening staff skills development.

For IAF, we urge the Subcommittee to provide the maximum amount possible, in view of the $20 million authorized for the institution. We hope the Subcommittee will provide at least the $16.6 million provided by the House, at this important turning point in IAF's funding history.

THE CHILD SURVIVAL FUND, A.I.D. HEALTH and UNICEF

The progress that has been made in child health in the last five years has been impressive. The promotion of immunization and oral rehydration therapy, in particular, is now saving the lives of approximately 2 million children per year. According to UNICEF, the UN target of immunizing all children by 1990 is now within reach. If present trends continue, over 70 percent of the developing world's children will be immunized against the main vaccine-preventable diseases by 1990. According to Dr. Donald Henderson, Dean of the Johns Hopkins School of Hygiene and Public Health, and director of the WHO program which eradicated smallpox, "There is tremendous interest now by governments in immunization. This is far greater than anything we knew during the smallpox campaign."

Progress has been made in combatting dehydration caused by diarrhoeal disease. UNICEF estimates that approximately 20 percent of the developing world's parents are using ORT and the therapy is saving 600,000 children's lives per year. Yet there remains much to be done. While 600,000 childrens' lives are saved with ORT, an estimated 3,000,000 still die each year, and sustainablility of the progress made is a problem in some countries. UNICEF estimates that 7 million children's lives could still be saved with wider application of low-cost measures. Yet we think that the overall record is very positive and one which reflects considerable credit on the countries and organizations involved.

The U.S. support has certainly been praiseworthy. Since 1985, when the Child Survival Fund was established, the U.S. government has committed nearly $500 million in support of child survival activities in 52 countries. It is a record of accomplishment, and one of which A.I.D., this subcommittee and the people of the United States can be proud.

Nonetheless, we are very concerned that the support of the Congress and A.I.D. for health assistance is flagging noticeably. Last year, in spite of the establishment of an AIDS Prevention and Control Fund, and a small increase in the Child Survival Fund, overall health assistance actually declined by $5 million. The correct response to the AIDS epidemic should have been to increase health funding, not decrease it. The health account of A.I.D. decreased from $160 million in FY 1987 to $119 million this year. This has meant that crucial programs have been drastically reduced. A.I.D.'s efforts in the crucial field of water and sanitation are now miniscule. Another example of reduced health assistance is A.I.D.'s Child Survival activities in Africa, which have dropped from $33 million in 1987 to $25 million in 1988. For FY 89 A.I.D. has requested a $5 million overall cut in health assistance (exclusive of what happens in the Africa account). BFW is alarmed by these cuts in such demonstrably successful programs. Our recommendation is $80 million for the Child Survival Fund (exclusive of funding for Africa), $125 million for AID Health (apart from funding for Africa), and an earmark in the Africa Fund of $75 million for health assistance, including Child Survival.

We also strongly support an increase in funding for UNICEF to $60 million. We believe that UNICEF is an extremely effective organization that has returned at least as much value for money spent as any item in the federal budget. It has galvanized the international community to a substantial new effort to combat infant mortality. It has raised awareness and provoked at least some response from the international community to the harm done to children by structural adjustment, the debt crisis and recession in the 1980s. Yet UNICEF funding has risen only slightly in the last five years, not nearly enough to compensate for inflation. We believe that UNICEF funding should be increased to at least $60 million.

Mr. Chairman, Bread for the World is grateful for the opportunity to provide these views to the subcommittee, and I would be glad to answer any questions that you may have.

AID TO SUDAN

Senator INOUYE. Well, I would like to advise you that for the most part your recommendations will be very closely followed in our bill. We will have our markup next week, as you are aware.

On the matter of aid to Sudan, military aid, it is now being considered as to whether any sort of aid should be granted. But if it is going to be granted, we will put conditions on it.

On the matter of IFAD, I do not think we can go the full $30 million. The House and the administration recommended $2.5 million.

But on the African Development Foundation, we will provide the full amount that you have suggested, the $8 million. Also, the $16.6 million provided for in the House; $75 million for the microenterprise credit; and also, for UNICEF $60 million.

We are also providing a half a billion dollars, $500 million, for the Development Fund for Africa.

These are my recommendations to the subcommittee as we meet next week. Also, $50 million for SADCC.

Reverend BYRON. We appreciate that.

Senator INOUYE. So I hope the subcommittee will go along with my recommendation. But honestly, I find it rather difficult at this time to fund the amount that you are recommending for IFAD of $30 million. If we can find some money, we will spread it around.

Reverend BYRON. Well, I guess we agree it is a good program and worthy of support.

Senator INOUYE. We are having negotiations right now, and I believe the committee wanted to wait until the conclusion of those negotiations before we moved on further appropriations.

Reverend BYRON. That is why we were suggesting a set-aside, in view of the expected conclusion, the expected favorable conclusion.

Senator INOUYE. Well, it is always a struggle here. I concur with you in your sadness that we are spending more for military purposes than for development and food purposes. Most Americans, when one speaks of foreign aid, assume that most of the money, if not all of it, would go for food, children, hospitals, schools.

I think they would be saddened also to hear that most of it goes for guns.

Reverend BYRON. I gave a talk last night at Colgate University. They are convening a group of educators to work this week on the hunger issue, to integrate it into the college curriculum, and I keynoted it.

And I reminded them that it was no less a patriot than Dwight D. Eisenhower, 2 months into his presidency speaking to, I think it was, the American Newspaper Publishers Association, who said that what we are putting into bombs we are taking away from the hungry.

It is a compelling statement. If I may, I will get the exact quote and submit it for the record.

Senator INOUYE. We are also reminded at all times that at this moment one child dies every 2½ seconds because of preventable disease or dehydration. And we are doing our best to try to stop this.

Reverend BYRON. I think it is remarkable, as we indicated in the testimony—it is a little more fully explained there—what has been done since that Child Survival Fund has been inaugurated. It is really a four-point: the oral rehydration is one, and other relatively simple measures and relatively small expenditures, and the return is enormous.

Senator INOUYE. If we can get oral rehydration more widespread, plus immunization, we could cut that down from one every 2½ seconds to maybe one every minute, which is terrible, but——

Reverend BYRON. That would be progress.

Senator INOUYE. Thank you very much.

Reverend BYRON. Thank you very much, Mr. Chairman.

RECESS

Senator INOUYE. This hearing will stand in recess until 2 o'clock this afternoon.

[Whereupon, at 12:12 p.m., the subcommittee was recessed, to reconvene at 2 p.m. the same day.]

(AFTERNOON SESSION, 2:15 P.M., TUESDAY, JUNE 14, 1988)

NONDEPARTMENTAL WITNESSES

INTRODUCTION OF WITNESSES

Senator INOUYE. We will now resume our hearings to hear from public witnesses. And our first witness this afternoon is Mr. Andrew E. Manatos.

Mr. Manatos.

MANATOS & MANATOS

STATEMENT OF ANDREW E. MANATOS, PRESIDENT, MANATOS & MANATOS

BUDGET IMPACT ON EASTERN MEDITERRANEAN

Mr. MANATOS. Thank you, Mr. Chairman.

Mr. Chairman, I plan to be very brief today. I would like to submit my remarks for the record and just touch on a couple of issues.

Senator INOUYE. I would like to assure all witnesses that their full statements will be made a part of the record. And so you may do whatever you please, sir.

Mr. MANATOS. Thank you.

The important point that I feel and the people I represent feel the subcommittee should take a close look at this year is what was the impact of the formula that the subcommittee developed last year? What was the impact on the eastern Mediterranean?

And this is one of the few times that I have come before the subcommittee that I will be able to say something that I think is positive and encouraging, and that we for the first time have some real optimism.

Largely because of the actions of the subcommittee and also because of other international considerations of the countries in that area, there is movement to lay down arms rather than to raise them against each other.

As you probably know, the Turkish Prime Minister went to Athens yesterday, and all reports that I have heard have been positive. As you know, there is a new president on the island of Cyprus, Mr. Vassiliou, who a high State Department official who handles that part of the world was quoted as describing him as nearly an apostle of peace.

So these things look very encouraging, with the Turkish Government seeing that, if they want to join the EEC and if they want the United States to be more responsive to their needs, they have got to show a responsibility with the aid that they receive.

And I think the two provisions last year that got the greatest attention in that regard were the provision on the transfer of arms from Turkey to Cyprus and second the provision which put the 10 to 7 ratio on the so-called surplus equipment.

As you know, Mr. Chairman, Lee Hamilton's investigation last year found that over a 5-year period the executive branch had funneled 1 billion dollars' worth of so-called surplus equipment to Turkey that was beyond the 10 to 7 ratio.

The language in last year's bill put that under the 10 to 7 ratio, and it was not lost at all in the country of Turkey.

So what we have, we think, is Prime Minister Papandreou moving very positively with the Turkish Prime Minister Ozal, who we also see moving very positively. We see the new President of Cyprus, Mr. Vassiliou, moving very positively.

And the fourth player in this matter on Cyprus is Mr. Denktash, the head of the Turkish Cypriots. And at this point, I guess the jury is still out. He is the only one who has exercised anything that appears to be counterproductive.

For example, he would not allow some Turkish Cypriot women to cross the green line to have some lunch with some Greek Cypriot women. The Greek Cypriot women had clearance to go the other way. It was an effort to bring the communities together.

He added some additional restrictions on passing across the green line. But we are very recently encouraged, because I understand that Mr. Denktash and Mr. Vassiliou are going to be getting together in the very near future, at least to talk.

So it may be a first step. So the organizations that I represent would encourage this subcommittee to hold the formula that was developed last year because it is working. For the first time in 14 years, we see some positive movement, and a lot of international newspaper accounts have credited the congressional action as being part of the reason for that movement.

So we would hope that we can hold that formula and do all that we can to encourage settlement. If this gets out of the way, it would be a great benefit for American security interests in that part of the world.

[The prepared statement of Mr. Manatos follows:]

STATEMENT OF

ANDREW E. MANATOS

ON BEHALF OF

THE UNITED HELLENIC AMERICAN CONGRESS

THE AMERICAN HELLENIC ALLIANCE

THE PANCYPRIAN ASSOCIATION OF AMERICA

AND

THE HELLENIC AMERICAN COUNCIL OF SOUTHERN CALIFORNIA

Mr. Chairman, for many years now you and your colleagues have tried to pass legislation which sent the right signals to the various parties involved in matters relating to Cyprus, Greece, and Turkey. To the people of Greece, who have been America's most staunch allies, the Congress has generally tried to say, "We are truly your friends despite our Executive Branch's public embracing of an oppressive junta which controlled your country in the late 60's and early 70's and despite the fact that our Executive Branch turned its back when Turkish troops used American armaments to invade Cyprus." To the people of Cyprus, the Congress has generally attempted to say, "We appreciated greatly your support, particularly on matters of terrorism and we will urge the removal of Turkish troops and American armaments from your country." To the people of Turkey, the Congress tried to say, "We would like to provide you with foreign assistance which will enable your country to fulfil its NATO obligations. However, that aid is jeopardized if it is used to occupy the nation of Cyprus or threaten the people of Greece."

A part of that message that goes to Turkey is particularly important to substantially improving circumstances in the eastern Mediterranean. This is the case because it is _not Greek troops_ who are occupying another country, _nor is it Greece_ which is insisting that a part of Turkey should not be included in the NATO war games, _nor is it Greece_ which is sending its oil exploration ships into waters that are internationally recognized to be Turkish, _nor is it Greece_ which is disagreeing with a vote of all the European nations suggesting that the oil exploration issue should be decided by the International Court of Justice at The Hague. It is the nation of Turkey that is instigating these problems on Cyprus and in the eastern Mediterranean. And, if they are to be improved, it is Turkey that must stop the problems.

Thus, last year's legislation which addressed Turkey's transfer of American armaments to its occupation army on Cyprus, and restricted back-door military assistance of surplus equipment going to Turkey which avoided congressional oversight and the 10-to7 ratio, sent a strong message to Turkey about American policy. Also, the Congress' decision to begin to equalize the terms of the foreign aid going to Greece and to Turkey sent another message to the people of both countries. That message about grant aid and surplus equipment indicated that the United States was changing its policy and no longer planning to give to Turkey as much hidden aid as possible. That message said the Congress planned to force our government to treat the people of Greece more fairly.

As I am sure the committee has noted since the passage of that legislation, the Prime Minister of Turkey has undertaken talks with the Prime Minister of Greece about these matters on which Turkey has been aggressive. It is important to emphasize that absolutely no steps have been taken to correct any of these matters. No progress on correcting these infringements on Cyprus and Greece has occurred. However, we are all pleased that talks have begun and we are hopeful that progress will occur.

Since the passage of your legislation, the people of Cyprus have elected a new president -- George Vassiliou. I have personally heard Mr. Vassiliou tell U.S. senators and members of Congress of his support for the United States and of his willingness to do whatever he can to settle the Cyprus problem within the bound of what is reasonable and fair. According to one news report that I read, Deputy Assistant Secretary of State in charge of Greece, Turkey, and Cyprus, Mr. Jim Wilkinson, referred to Mr. Vassiliou as, "an apostle of peace."

In short, Mr. Chairman, since the passage of last year's legislation, matters in Cyprus, Turkey, and Greece which have been locked in cement for many years are beginning to loosen up. The people who I represent say it would be a "catastrophe" for peace in the eastern Mediterranean if the Congress were to lighten any of its pressures or inducements. If anything, this congressional formula of recent years which has proven to be so successful needs strengthening.

SITUATION IN CYPRUS

Senator INOUYE. So you are optimistic about the discussions now going on between the two presidents?

Mr. MANATOS. I am. Every signal we have seen leads to optimism. There have been no constructive steps as yet, no positive steps. So the jury is still out. But all the signals look good.

Senator INOUYE. What is the climate in Cyprus at this time?

Mr. MANATOS. I think it is good. The new president has enjoyed a great deal of support. All of the people in Cyprus that we talked with were very supportive of positive action.

Senator INOUYE. Well, I thank you for your assistance this afternoon and your statement of optimism. It makes us very happy, sir.

Mr. MANATOS. Thank you, Mr. Chairman.

Senator INOUYE. Thank you.

CHILDHOPE

STATEMENT OF PETER TACON, EXECUTIVE DIRECTOR, CHILDHOPE

PLIGHT OF STREET CHILDREN

Senator INOUYE. Our next witness is Executive Director of Childhope, Peter Tacon.

Mr. TACON. Thank you, Senator, on behalf of Childhope and on behalf of a rather large family of 100 million street children around the world.

With your assurance that the proposal or at least our testimony is in full is on the record, then I would like to spend these 10 minutes talking at the rate of about 10 million children a minute, if I may.

When I mentioned to you that we have 100 million street children in the world, we are talking about working children and children who are living in the street. That in joking terms, I suppose, is the good news, because we know that within 32 years easy projections can tell us that by the year 2020 we will have double that number. That is the galloping rate of the growth of that problem.

You have before this committee a House bill for the allocation of $1.5 million to orphans who are the victims of natural and manmade disaster and displacement, who will become street children if not tended to.

We would further encourage you to support community-based approaches that we and others are trying to encourage and stimulate around the world to prevent family disintegration and abandonment and children becoming effectively orphans with live parents.

You mentioned this morning during hearings that sad statistic of a child dying every 2½ minutes.

Senator INOUYE. Seconds.

Mr. TACON. Seconds, excuse me. Due to diseases that we can prevent.

We have something of a calculation, that each minute produces five more street children in some part of the world, probably in developing countries. And that number, that statistic, could increase dramatically because of children saved.

We are concerned not just about survival, but after survival children and young people and adults have a life that is worth living lifelong. In other words, the children that are being saved, Senator, are those of the poor, both urban and rural, but principally urban, who will become street children within the next 5 to 10 years unless something is done.

These are the children, the progeny of progress, of industrial miracles, as the Brazilians used to call it in the 1970's. They are also the children born of natural disasters and armed conflict.

In Khartoum in the Sudan, you have children arriving unaccompanied from the north because of the drought and from the south because of the war. And this is replicated in many countries the world over, such as El Salvador, Nicaragua, Mozambique, Angola.

And they are girls as well as boys. Usually when people speak of street children they think we are talking about a masculine phenomenon. In fact, we know that there are many more girls than we ever imagined, and they need special attention.

They are working children. They are children who have to work, because they work for their own family's survival and for their own survival.

But that is a synopsis of the state of street children worldwide. The synopsis of what is going on is much more pleasant. Although perhaps not moving as quickly as we would like it to, we do have proof of successful community-based preventive experiences that help to stimulate income generation—and children have to work, as I mentioned—income generation with protection, alternative education, vocational training, health and nutritional support to the children and their families in the community context and recreation and cultural activities, to the child, but not the child alone, but to the family and the community.

These children in a way are exploited survivors, and what Congressman George Miller last year referred to as an endangered species. They are the victims of in part the injustice and indignities of their own societies, but also very much the victims of an injust world economic and social order, of which in part we in the north are the authors in large part.

Now, I would like us to think it is in fact our responsibility and obligation to help these youngsters.

HISTORY OF CHILDHOPE

Childhope was formed a very short time ago, on April 7, 1986, in the offices of UNICEF New York, and UNICEF was the principal parent present at the birth, along with the Christian Children's Fund, Covenant House United States, Save the Children Sweden, the World Council of Churches, and the International Catholic Child Bureau.

We now have a board of directors of 29 distinguished people from around the world, 14 of whom come from developing countries.

We have our headquarters in Guatemala City, and within the coming year that will move to Rio de Janeiro, Brazil.

The UNICEF connection has always been a strong one and in this sense we are here along with UNICEF asking for your support for these young people. We have worked with 22 offices of UNICEF in 1987 and increasingly so in 1988. In fact, it was in conjunction with our work with UNICEF in their office in Nairobi that recently we were able to develop a new means of attack, a new means of strategy for working with street children, called PROCHILD.

PROCHILD

The three-frontal attack of PROCHILD is determined in the first three letters of its title: P for protection, R for respect, and O for opportunity.

Protection because a child is a child and because we have to provide a social safety net for these children to prevent abuse, neglect, exploitation, and to assure sound development. It is the act of embracing the child.

Respect because the child is also a person and should have a voice and vote in his or her own future. We believe that street children are particularly sound advocates of their own realities and should in fact be heard. That is the act of uplifting.

And finally, opportunity through programs providing for alternative education, vocational training, alternative education, income generation, and so forth, because the child is becoming an adult.

These three activities liberate the child. The partners in PROCHILD, which is now just beginning its first exemplary experience in Kenya, are UNICEF and Childhope and the local government, the ministry of social services in this case in Kenya, as well as a wide mustering of local NGO support.

The cost of PROCHILD is approximately $2 per child per year. That is the cost of reaching the child and of mobilizing the national resources to support that child. In my testimony, the longer version, I have asked you to consider two possible sources of support to Childhope through UNICEF on behalf of street children.

One is the official proposal we made to UNICEF last year, which we would ask you to consider funding, for $1.5 million over 3 years.

And the second is another $1.5 million, $1,500,000 over 3 years, for the PROCHILD activities worldwide. That would help directly 250,000 children, street children, working street children.

There would be some people maybe even in this room who would say that what I am just about to say to you in concluding, Senator, is a waste of valuable time. But it has long been my dream that the children themselves would have a voice in adult proceedings on their behalf. And I want to tell you about the wisdom and the prophecy and the heroics of some of the children that I have met in my travels with UNICEF formerly and now with Childhope around the world.

I want to tell you about Chinche Benjamin of Bogota, who when 9 years old was asked, what was his biggest wish in life: he said, to work, at 9 years of age.

I want to tell you about Maria, who at 12 years of age in front of a San Jose hotel in Costa Rica, when asked if she would come to a project on her behalf that had a model village attached to it, she said: Go to you know where; I would sooner prefer to stay here and work my 20 minutes with the gringos in this hotel every day.

I want to tell you about Nelson in Managua, Nicaragua, in 1979 after the hostilities ceased, and he said to me at 11 years of age, he said: You know, the dead are the lucky ones; we have to go on suffering.

And Nestor in a Manila park, the newspaper vendor who said: This is a bad day because the news is not hot enough to sell papers.

And finally, and maybe this is appreciated especially in 1988 in the United States, Martino in Sao Paolo in 1982 saying that he really preferred election years because then the politicians came to get their shoes shined.

This is the wisdom of the street and the strength of the children we are talking about.

A fine American, Father Bruce Ritter, who founded Covenant House in New York City and other centers around America, said: A vision is something that you can only pass on from one person to another.

I do not have much time to pass you on a vision, but I hope that something is captured, that it is not just a situation of suffering and of loss and of potential loss for the next generation if we do nothing, if we do know people in a handful of countries, in a handful of cities, that are doing something, and Childhope and UNICEF and others are there to try to help them, to run ahead of this problem.

You know, if we do get together and if other governments get it together with international organizations to support the cause of street children, I believe that, instead of seeing 200 million, instead of 100 million of these youngsters—and every statistic has a soul and a heart behind it—by the year 2020 that we can, if we cannot completely solve the problem, at least control it by that time.

I hope that I have been enough of a messenger for this rather large family of ours to convince you that we ought to be doing this sort of work together.

Just one more reference to a child, who sent you a picture incidentally, and a letter in Spanish. His name is Oscarine. That means "Little Oscar." He is 10 years old. He lives with us.

He was the son of a policeman in Guatemala, and at 2 years of age his father was shot and Oscar became one of the orphans we were talking about, found his way to Guatemala City, and managed to grow himself up until we found him. He lives in our home.

And he has a certain wisdom, too. And before leaving for the United States yesterday, I asked him, I said: Now listen, Oscar, you are a pretty wise kid; what would you say to the Senators if you had the chance?

And he said: Well, what is a Senator? And I tried to explain that. He said: Well, what are you going for? And I was able to be a little more blunt with him than I am with you, so I said, money.

And he said: Well, then I would say thank you.

Thank you, Senator.

[The prepared statement of Mr. Tacon follows:]

TESTIMONY

BY
PETER TACON
EXECUTIVE DIRECTOR
CHILDHOPE

On behalf of our international coalition, CHILDHOPE, and, more importantly, on behalf of our world's millions of street children, thank you for this much appreciated opportunity to testify. While CHILDHOPE's policies and programmes are in fact determined by adults, they consistently try to reflect the honest needs and indisputable rights of our real Board of Directors: one hundred million boys and girls on every continent who must work and even live on city streets. As proud as I am to be appearing before you as the Executive Director of CHILDHOPE, I am even prouder (and, at the same time, more humbled) that it has befallen me to be the messenger of these youngsters to the elected representatives of the people of the United States of America.

My name is Peter Taçon. I am a Canadian and an educator. Prior to taking up my present responsibilities in January, 1987, I was UNICEF's Senior Policy Specialist for Child Development. Besides having three natural-born children, I am also happily the naturalized father of seven former street children who are my esteemed advisers, from Costa Rica, El Salvador, Brasil, Colombia, and Guatemala.

The organization which I represent, CHILDHOPE, was born of a broad-based profound concern for the plight of an increasingly numerous group of our most vulnerable sons and daughters worldwide. Present at its founding in New York on the 7th of April, 1986, were its principal parents: UNICEF, the Christian Children's Fund and Covenant House of the United States, the Save the Children Fund of Sweden, the World Council of Churches and International Catholic Child Bureau, both based in Geneva. Since that time, CHILDHOPE has developed a twenty-nine member Executive Board which further includes distinguished representatives from Belgium, Brasil, Canada, Colombia, Costa Rica, Denmark, France, India, Kenya, Mexico, the Netherlands, Nigeria, Pakistan, the Philippines, and Senegal. This new "alliance for progress" on behalf of street children now carries on regular communications with both "doers" and donors, non-governmental and governmental, in some 108 countries, and cooperates closely with UNICEF's regional and area offices worldwide.

CHILDHOPE's principal role is as a facilitator. Rather than carrying out its own hands-on projects with children, it seeks to help good local leaders to ever more effectively defend the rights and respond to the needs of street boys and girls, municipally, state-wide, and nationally. While its principal objective is to reach and improve the lives of the children themselves, like emphasis is placed as well upon the concomitant uplifting of the family and the community. In supporting local initiatives, priority is given to those which are preventive - of abuse, exploitation, family disintegration, and child abandonment.

CHILDHOPE seeks to be the global advocate and ombudsman for street children, and to develop a global network supporting their cause. Its major programming initiatives include direct technical assistance (situation analyses, proposal preparation, training, monitoring and evaluation), action-oriented research, mobilization of international financial support for developing country projects, and development education in industrialized countries. We believe strongly that the direct participation of children, with voice and vote, is indispensable in bringing essential dignity and respect to their lives, in projecting their reality into our lives, in planning and preparing for their own futures, and, as our generation passes to them the torch of responsibility, in ensuring that the state of our human family will be brighter tomorrow than it is today. In brief, we seek for street children, indeed for all children, not just survival, but lives that are really worth living - lifelong.

CHILDHOPE is a non-profit, non-sectarian, non-political movement of caring people, dedicated to high-risk children. It is incorporated in the United States and registered with the IRS as a charitable foundation. At present, its principal funding comes from UNICEF, Sweden, Norway, and the Netherlands. Its international auditors are Price Waterhouse. Its Global Headquarters, currently in Guatemala City, will move to Rio de Janeiro, Brasil, in 1989. Regional outreach centres are already operational in New York, Geneva, Toronto, and Nairobi, with others to be established, as funds permit, in New Delhi, Manila, and Cairo. Guatemala City will remain the regional base for CHILDHOPE programme activities in Mexico, Central America, and the Caribbean.

An Historical Perspective

The common reason for children being on city streets has almost always been to work, to earn their own and their families' survival from one day to the next - and from all we know from man's chronicle through the centuries, children have always worked. Traditionally, within the context of family and community, sharing in the tasks of home, street, and marketplace, was considered an integral part of education. It was part of community responsibility and family solidarity, and children gained respect from their participation in a common cause. In fact, appropriate work then, unlike much formal education today, was considered a guarantee for a child's future adult employment, responsible parenthood, and community leadership.

We in this Northern hemisphere who today so frequently criticise our Southern brothers and sisters for abusive child labour practices and for a proliferation of under-age street workers, should seriously reflect upon our own histories. Whilst we talk today of international condemnations and sanctions against others, we should not forget that less than 200 years ago, in Europe and North America, began one of the most shameful periods of child exploitation known to date. To feed the fires of what we called our "industrial revolutions" we freely used boys and girls as a major source of fuel. A few parliamentarians, labour leaders, and novelists (notably Charles Dickens) protested, but most people accepted or even promoted the practice as essential to economic progress. We were then, after all, "developing countries". Indeed, the youngsters we today call "street children" in Latin America, Asia, and Africa, are the Oliver Twists of our fading Twentieth Century.

Our memories should not be so short as to overlook that a principal reason for establishing the New York Children's Aid Society a century ago was the existence of children who were then termed "Street Arabs". We should remember as well the 1900 United States census that revealed that this country then had some 1.75 million working children between the ages of ten and fifteen years. And, more recently, we should recall that one of the prime concerns of UNICEF, when it began its work in 1946, was the plight of street children in the slums and bombed-out communities of Europe. Finally, while re-counting the past, let us acknowledge that we, in the industrialized countries, have not been all that effective at resolving our own problems, even by increasing our own wealth. Street children, a little older but no less vulnerable, are still with us in our cities - and the unjust world economic order which we have authored to build our "good life" in the North has given a vast new dimension to the working and street children dilemma in the South. In speaking to this situation last year, Congressman George Miller commented, "We should, in effect add 'exploited children' to our list of 'endangered species'".

The State of Our World's Street Children

Street children today represent one of the most exploited and rapidly growing minorities - and one of our most poignant social challenges. Although many local projects have been established for them, ranging from initial street outreach and overnight shelters to multi-phase community initiatives with a wide range of integrated services, the most basic needs of the vast majority of children for whom the street is workplace, playground, and even home, remain unmet. The severe economic crises which currently cripple the economies of many developing countries further exacerbate the risks facing these youngsters whose childhoods are too often spent in alleyways, marketplaces, and city slums. Estimates of current numbers of street children worldwide range all the way from 10 to 100 million - and we are told that, whatever the data suggest today, this child population could double within a generation.

Much of the incidence of street children stems from the burgeoning growth of cities - from urban slums to shanty towns which are too often the social by-products of industrialization. In Latin America, Asia, and Africa today, an increasing tide of rural-to-urban migration has sent millions of families scurrying to the cities in hope of sharing in the new urban prosperity - but with only "a happy few" benefitting, through employment, from these "industrial miracles" and "economic booms". Great cities such as Mexico, which is growing at the rate of 1,500 newcomers per day, find their service capacities taxed well beyond their limits. To endure, families must enlist the participation of all members. Children must take to the streets and work, or face the prospects of becoming famililess.

Added to this grim picture of growing urban poverty in developing countries, the desperate circumstances of street children and their families is further worsened by both natural and man-made disasters. In these years, no one has to tell an Ethiopian or Brasilian family about the terrors of drought; no one needs to explain the awful consequences of flood to families in Bangladesh or Ecuador; and no one needs to describe to a Central American what happens to homes and families in earthquakes and hurricanes.

During the past four decades, the Third World has also been the stage for man-made calamity - the earth's battlefield where armed violence has shown consistent increase and where civilians have accounted for up to 90 percent of all casualties. In urban warfare, street children have been amongst the most at risk as bystanders, and amongst the most sought after for conscription into one or other cause. Violence in rural areas has sent families and unaccompanied minors racing for the protection of urban strongholds, and consequently to the streets. Orphans, refugees, and displaced children, without the family's safety net, have been made prime candidates for street life.

What is the profile of street children in developing countries? They are always poor and almost always thin and dirty. They are usually between five and fifteen years old and they are less usually male than imagined. They frequently lack any formal education, but abound with informal learning. They are more open and less dangerous than adults - and they are much more skillful and creative at life's survival game than their middle-and-upper class brothers and sisters. They are both heroic in their lives today and prophetic of our lives tomorrow. During my travels with UNICEF and CHILDHOPE, some special moments with these children have left particularly vivid memories:

> "Chinche" Benjamín, of Bogotá, telling me that, at nine years of age, his greatest wish in life was to work;
>
> Gonzalo, of Guadalajara, after nearly a lifetime of living in bus and train stations, announcing that he wanted to become a carpenter so he could build houses;
>
> María, in front of a downtown San José hotel, ordering me to buzz off with my offer of a children's village, and to let her get on with her daily twenty minutes of work with the tourists;
>
> Nelson, amongst the ruins of Managua, proclaiming that the dead were the lucky ones because the living had to go on suffering;
>
> Luis Carlos, in Porto Alegre, confusedly wandering around the city centre

at midnight, looking for a father that he said he knew was there somewhere;

John, of Nairobi, amidst the hopelessness of his devastating shantytown, calmly outlining his step-by-step education plan and declaring his unswerving faith in the future;

Subhan, in a Bombay shelter, reciting a litany of lifetime inter-city travel that would have stirred the imagination of Mark Twain;

Giulia, of Naples, observing that cleaning car windshields easily beat taking the abuse of her own home;

Nestor, in a Manila park, lamenting that today's newspapers were rather dull - that better sales came with hotter events;

Sergio, in his "tin-town" Lisbon slum, offering with particular compassion to find me a place to sleep on the open street, upon learning that I had to live inside a hotel;

Gerónimo, on Rio de Janeiro's Copacabana, while unable to either read or write, surprising a restaurant waiter by knowing everything on the menu; and

Martinho, in 1982 Sao Paulo, explaining how much he preferred election years, because then the politicians all came to have their shoes shined.

The State of Our World's Response

In recent years, a growing number of innovative approaches for working with street children have been identified and successfully documented. While the majority of these have been initiated and carried out by non-governmental organizations, some notable government interventions have been observed as well. The success of these community-based preventive projects can best be measured in terms of their meeting the objectives of building individual lives, strengthening and restoring families, and developing strong active communities. Perhaps no other criterion is so important as the well-being of each child - to what extent his or her physical and psycho-social needs are being met - to what extent he or she feels happy and satisfied with life and self. Also significant is the degree to which such initiatives assist children to meet their needs of income generation (with protection), alternative education, vocational preparation, sound health and nutrition, and cultural-recreational activities. Important as well are the needs of the entire family (if there still is one) and its restoration to collective good health, with a secure future. While numbers of children reached is a frequent measurement of the success of such projects, qualitative evaluation of their impact upon each life - with the children playing a strong and respected role - is easily as important in such project evaluation.

We have found that such successful community experiences with street children are invaluable in advocating to governments and the general public for a change in national attitudes, policies, and programmes. Such models provide proof that low-cost high-benefit alternatives exist, and offer hope that, through sharing their "good news" with others, through visits, workshops, and training sessions, communities nationwide will begin taking positive action on behalf of their street boys and girls. Through this process, we have seen a heartening improvement in the way people view each other - the views of governments and the well-to-do towards the poor, the views of societies towards their street children, the views of policemen, judges, social workers, merchants, tourists, and especially parents. We see dignity instead of spite, respect instead of disdain, understanding instead of pity.

Perhaps the most outstanding example of progress in this area during the 1980's has been that of Brasil, a country too much maligned for its street children problems and too little applauded in this area for its courage and creativity. In late 1981, the Brasilian Government, UNICEF, church and other

NGO leaders, joined forces to confront systematically the seemingly insurmountable problems facing one in every three of that nation's children who were either on the street or candidates for the street. At that time, hope was based in only five identifiable community experiences in a country large enough to be a continent. Now, seven years later, the "National Movement on behalf of Street Boys and Girls" can be found in virtually every one of Brasil's 23 states. It coordinates the work of over 100 regional, state, and municipal street-child support commissions, works directly with over 100,000 children, and has even been able to facilitate a first national seminar of some 432 street-child delegates, planned, organized, and carried out by a ten-member committee whose average age was 15 years. In terms of street children alternatives, Brasil is today a bubbling laboratory - a vibrant school for the world, and the heart of the global reality. That is why CHILDHOPE will move its International Headquarters there in 1989.

Just as the sharing of a few initial experiences has led to the development of a strong national movement in Brasil, so too has the Brasilian experience sewn the seeds of further coalitions - in Colombia, Mexico, Ecuador, the Dominican Republic, the Philippines, and Mozambique. Besides helping to build and fortify the work in these countries, CHILDHOPE is now cooperating in the beginning of national movements in a host of other countries, including Costa Rica, Jamaica, Nigeria, Senegal, Sierra Leone, Zambia, Ethiopia, the Sudan, Angola, Tanzania, and India. We hope that, within the next ten years, all countries, developing and industrialized, will take at least their first steps in fashioning their own unique national alliances on behalf of and together with their street children.

A CHILDHOPE Response

A new (and, we hope, somewhat revolutionary) concept for developing national partnerships and programmes for and with street children was recently developed by CHILDHOPE for initial implementation with UNICEF in Kenya between 1988 and 1993. Called "PROCHILD", its triple-action approach is represented in the first three letters of its title: "P" for Protection, "R" for Respect, and "O" for Opportunity.

Protection is essential because each street child is indeed a child. It is fundamental to permitting sound child development. It is the act of embracing the child - of providing a social safety net and defending children's rights. It implies the need to furnish basic urban services to the child, the family, and the community, and to develop effective national policies. It ensures sound child health and nutrition, and prevents child abuse and exploitation.

Respect is essential because each street child is also a person. It is fundamental to permitting legitimate child participation. It is the act of uplifting the child - of providing self-esteem and confidence. It implies the need to de-marginalize the excluded, and to sensitize and educate communities. It gives dignity to the child, and ensures that he or she is the subject as well as the object of all our actions, and that he or she has voice and vote in seeking a future together.

Opportunity is essential because each street child is also becoming an adult. It is fundamental to making life worth living - lifelong. It is the act of liberating the child - of guaranteeing full participation in society's future. It implies the need to ensure sound appropriate basic education, to provide suitable employment and income generation, to offer vocational training in skills really needed by the community, and to permit adequate recreation and cultural activity.

PROCHILD, and its three fronts of action, Protection, Respect, and Opportunity, are based upon a union of both governmental and non-governmental forces: UNICEF and CHILDHOPE internationally, the respective government ministry and a local NGO task force nationally. It also involves the active participation of a variety of advisory support groups, such as local project leaders, teachers and other professionals, media journalists, religious leaders, representatives from business and industry, and children and youth. It is aimed at urban children between five and fifteen years of age whose families live below the local official poverty line, whose parent or parents are unemployed, and who themselves are likely out of school. These youngsters, in any given country, are the most probable working street children. In Kenya, they number 161,400.

Phases of programme activity, over a five-year period, involve first knowing the map of who is doing what where, and then systematizing and documenting identified successful experiences. Next steps involve the Brasilian-type sharing or "cross fertilization" of community knowledge, and the building of a legitimate national popular movement - implying the gradual withdrawal of the international partners.

In all phases of programme activity, PROCHILD places special emphasis upon working street children who may be at special risk because of potential discrimination, due to sex, religion, race, language, tribe, political background, or geographic origin. Particular attention is also given to the unique needs of working street girls and of women.

In its approach, PROCHILD favours the development of income generating and training activities which lead to project and individual independence and economic self-sufficiency. In advocacy, it stresses the need for special care in using child-related terminology which could be insensitive, inaccurate, and prejudicial. One such example is the term "child prostitute" which should rightly be stated "child victim of adult sexual abuse".

In terms of the street child target group, the per-child cost of the PROCHILD Programme over a five-year period is about ten U.S. dollars. International investment in the work of PROCHILD decreases over the years as changing national attitudes and acceptance of responsibility result in higher priority for street children's needs and greater dedication of local resources to their cause.

Mr. Chairman, Members of the Committee -
I have come to you today, in the name of CHILDHOPE and of street children around the world, not just to tell you of the sorry state of affairs that confronts them in a hundred lands and a thousand cities, and not just to prophecy the greater tragedy for the future of our entire human family if we do not take action now on their behalf. The suffering and the loss and the highly virulent nature of this pressing social drama are not message enough. I have come to tell you that we not only have an immense problem, but that CHILDHOPE, UNICEF, and an army of others are struggling daily to lessen and resolve that problem. I have come to tell you that we have found hope - in a hundred communities and in a handful of countries - and that we are now trying desperately to spread that hope and the means for turning it into reality to others around our globe. I have come to ask from your hand in partnership - to advance and to extend the work of CHILDHOPE, and to make the new PROCHILD national alliance strategies available to benefit street children in every land where there is need. I have come to ask you to help us so that we might help others to increasingly help themselves.

This committee now has on record a proposal which we in CHILDHOPE's Secretariat made, in December of 1987, to UNICEF for a programme of global support amounting to 1.5 million dollars over a period of three years. While endorsed by UNICEF's staff in New York, this proposal is yet unfunded - and I would ask your sincere consideration in affording that possibility through a channeling of such financial resources via UNICEF to CHILDHOPE.

Nevertheless, I would seek that you consider an even broader vision of assistance to street children over the coming years. I have told you that our target group, the object of our dedication and energies, is possibly as many as 100 million youngsters. And I have mentioned that, through PROCHILD initiatives, the cost of reaching and improving the life of a child in that target group is about ten dollars over five years. If the United States Government, again through UNICEF, would entrust to us an additional 1.5 million dollars between now and 1991, for investment in PROCHILD activities around the world, that would have a definite impact in bettering today and tomorrow for some 250,000 street boys and girls.

As our coalition of forces - your Government, UNICEF, and CHILDHOPE - gains ground, and grows in trust and confidence, perhaps we could return to this Committee in 1991 (or even before), to explore further and even greater means by which we might help our world's street children together. In this way, and with the cooperation of other governments and international agencies, perhaps the year 1998 could see us running head of the problem, our successful joint efforts spreading faster than the contagion. By the turn of the new Century, should we not be able to pronounce the problem cured, at least we could proclaim that we had passed its high-water mark.

A fine American, Father Bruce Ritter, the founder of Covenant House, has written, "You pass a vision along from person to person. That is the only way you can do it." Mr. Chairman, members of the Committee, that vision of a better world for millions of our wounded and neglected sons and daughters of the street is all and everything that I have wanted to share with you today.

In closing, I want to, in a sense, end at a beginning - ten days after I first joined UNICEF in January, 1981. I was so unbounded after my work in the streets of Central America - so free and so innocent of bureaucracy. My enthusiasm boiled over as I wrote my first memorandum to Dr. Nyi Nyi, UNICEF Director of Programme Division, advocating a new worldwide programme for abandoned and street children. On the twelfth page of bursting forth, I finally ended with a reference to the Nelson of Managua whom I have mentioned earlier in this testimony. In language yet uncontained by UNICEF, I wrote:

> "It really can be done! There really is hope! Eleven-year-old Nelson Sanchez and his millions of brothers and sisters can have real homes, real families, and real communities. They can and will have the chance to feel well, to go to school, to play - to just have fun. With a new sense of self-worth and self-esteem, they will run into the future - with dignity. I live for the day when this new programme ... will be needed no longer."

Mr. Chairman, Members of the Committee, I am more than ever optimistic. My enthusiasm has never been higher, and my spirits (as you may observe) are still unbounded and uncontained. I really believe that it can be done. I have faith in God and man - and, today in the United States Senate - that it will be done. And I pray that the children whom I serve have made me enough of a messenger to convince you here and now that we ought to be doing it together.

BUDGET REQUEST FOR CHILDHOPE

Senator INOUYE. Well, we would want to believe that we are in partnership in this crusade. And in that spirit, I will be recommending to my committee next week the following sums.

As you know, the administration recommended $32 million for UNICEF. I will be recommending $60.4 million, of which $3 million will be for Childhope. So we hope that these funds will be put to the use that you have described and that it should help a few more children.

Mr. TACON. About 250,000.

Senator, thank you very much.

CARE

STATEMENT OF CHARLES SYKES, ASSISTANT EXECUTIVE DIRECTOR OF CARE, COCHAIRMAN, INTERACTION PUBLIC POLICY COMMITTEE

INTERACTION COALITION

Senator INOUYE. Our next witness is the Executive Director of CARE, Dr. Philip Johnston. Dr. Johnston, welcome, sir.

Mr. SYKES. Mr. Chairman, Dr. Johnston sends his apologies.

I am Charles Sykes, the Assistant Director of CARE and its cochairman of the InterAction Public Policy Committee. And this testimony today, Mr. Chairman, is on behalf of InterAction, a coalition of some 116 private voluntary organizations that work in the developing countries.

As you know, Mr. Chairman, on September 11, 1986, you addressed a group called the Foreign Assistance Working Group, and the theme of that meeting was the crisis in foreign aid.

And we wanted to take this opportunity, I think, to thank you for your very, very challenging and visionary message which you offered to our group on September 11. In your vision, you mentioned that our relationship with the developing countries should be one that is based on a humanitarian and development relationship. And this we appreciated very much.

I think beyond the words of your encouragement, you and the members of the subcommittee subsequently increased the fiscal year 1988 appropriations levels for humanitarian development, namely those accounts which reflect that category, namely child survival, the extraordinary basic human needs which were faced by people in sub-Sahara Africa at that time, the microenterprise legislation for the poor in lending, and the program of migration refugee assistance programs.

We salute you and your colleagues on the committee for giving concrete expression to that humanitarian and development vision which you offered us in 1986. However, I think we must be clear that the full impact of these programs will not be fully realized unless the Senate passes a foreign aid authorization bill, namely S. 1274, this session.

The authorization bill provides a broad policy language and guidance to complement the appropriations levels in a manner which renders more effective the entire foreign assistance program of our country, particularly the Africa relief and development fund.

So we, sir, would like to encourage the committee fully to see if we can ask the leadership of the Senate to bring S. 1274 to the floor as soon as possible.

RECOMMENDATIONS

With respect to the fiscal year 1989 foreign assistance appropriations level, we respectfully submit the following recommendations, Mr. Chairman.

With respect to child survival, we would again like to commend and applaud the Congress and in particular this committee for its continuing attention and support to the Child Survival Fund. The U.S. Committee for UNICEF and many PVO's, like CARE and Save the Children, have actually been involved in working with parents and local communities to improve the potential and the quality of lives of children and mothers for years, long before this focus came.

The Child Survival Fund has given critical focus and acceleration to this whole effort in reducing child morbidity and mortality.

I just arrived back from Dacca, Mr. Chairman, where I sat and talked with Dr. Kamal ibn Ahmed, who is head of the department of biochemistry at the Dacca University. He stressed the importance of continuing efforts at long-term remedies to the question of childhood mortality and morbidity, not just some of the immediate ways of remedying this.

So Mr. Chairman, we would like to ask that this fund continue to be looked at by the committee as an extremely important one.

Second, Mr. Chairman, we would like to thank you and we want to express our appreciation for the support the committee has given to the PVO's in protecting the private, nonprofit people to people channel of development by instructing that no reductions in assistance programs should come from the very—that if they come, they should come from the very large government to government resources and not from our types of grassroots programs.

We would like to encourage this committee to continue these people to people channels by funding worldwide grants mechanisms through its Office of Private and Voluntary Cooperation.

DEVELOPMENT OF WOMEN'S PROGRAMS

We would like to also bring to your attention, Mr. Chairman, the important work the Subcommittee of InterAction has been doing with respect to women in development. We have a large number of groups, a large number of organizations, that are keenly in support of, I think, a more forceful, more dynamic, effort by the United States to play a stronger role in acknowledging the centrality of the role of women, both as major economic forces in their efforts in agriculture and their central role at home in managing the home, taking care of children, and basically looking after the nutrition and health of their families.

Women, as you know, constitute 52 percent of the world's population and contribute about 67 percent of their working hours toward productive activity. Many of the PVO's are now focusing on how we can more constructively, I think, acknowledge and build on this.

Our members, a number of our members, have endorsed new legislation pending before this session of Congress, H.R. 4049 and S. 2330, the Women in Development Act of 1988, because we believe, as do the framers of the legislation, that the need for strengthening the original mandate of the first women in development legislation in 1973, known as the Percy amendment, is long overdue.

Mr. Chairman, those are the several points I wanted to make. I would like to make one further point with regard to the need for the committee's attention to the support of the programs involving maternal-child feeding and food for work programs.

So we would hope that the committee would give some attention to the need for complementary financial support of that program. Last year it received $5 million. We would recommend a level of $12 million.

With these remarks, Mr. Chairman, I would close my statement and thank you once again for your encouragement and support, and the committee as a whole, its efforts to enhance and develop the humanitarian and development elements within our whole foreign assistance construct.

[The prepared statement of Mr. Sykes follows:]

InterAction
American Council for Voluntary International Action

Testimony of Dr. Philip Johnston

My name is Philip Johnston and I am the Executive Director of CARE, appearing today on behalf of **InterAction: American Council for Voluntary International Action** -- a coalition of 116 private voluntary organizations in the United States, working throughout the third-world in humanitarian assistance. Our members provide food and medical relief, undertake international development programs, resettle and protect refugees; educate the general public on our global interdependence. A list of our member organizations is attached.

In an increasingly interdependent world, the welfare of third world countries - economically, socially, politically - has become integral to the welfare of our own nation. Within this context, InterAction has recently adopted seven planks we believe are of vital importance to the development of the third world and therefore to our own national interest.

These seven planks are the expression of the humanitarian aspirations of a broad and diverse community of private voluntary organizations. These PVOs provide a channel through which the American people express their humanitarian concern. The diversity of private agencies reflect the heterogeneity of American society. Some agencies are large, such as CARE, others small. Some have roots in religious communities, such as Church World Service and World Vision, others are secular such as O.E.F. International, Save the Children and Foster Parents Plan. Some are active in one country or region, such as Pan American Development Foundation or Foundation of the Peoples of the South Pacific, others in many. Some specialize in one form of help working with women, in promoting micro-enterprises, in providing health and family planning services, and in protecting the environment, others offer a range of assistance. Some engage in development as well as emergency relief activities. More than two hundred are now registered witn AID; scores of others are not.

Over the years the U. S. government has frequently turned to PVOs to help provide assistance in humanitarian emergencies. PVOs have proved particularly useful in circumstances in which the U. S. government has not had good working relationships with a particular government. However, even where the U. S. government has worked with a host government to mount a relief effort, PVOs have frequently played a constructive role as the service delivery mechanism. Witness the current use of PVOs to provide $17.1 million of aid to women and children in Nicaragua.

While for decades U. S. government resources have been made available to PVOs, AID adopted a policy in 1982 which formally seeks to enhance and deepen the government's partnership with PVOs both as intermediaries for U. S. government programs and as independent agencies in their own right.

Let me now summarize the seven planks that InterAction adopted at its recent Board meeting. We have forwarded these planks to both the Democratic and Republican platform committees for their serious consideration.

1. Child Survival

To mobilize international capacity to put known low-cost measures into effect on the scale necessary so that the majority of children can be saved from high death rates and growth-sapping disease.

- Two hundred and eighty thousand children die every week from dehydration, respiratory infections, tetanus, measles, diarrhea and malnutrition.
- In 1987, the increased use of outreach immunization and rehydration therapy (ORT) has saved the lives of an estimated 1.5 million children.
- Approximately one half of the 14 million under-five deaths each year could be prevented by implementing low-cost medical treatments.

2. Development Assistance Levels

To direct more resources in the foreign aid budget toward economic, social and humanitarian goals, thereby better serving U.S. concerns in developing countries.

- The U. S. is last among the industrialized nations - far behind Europe, Canada, Australia and Japan - in providing aid to the Third World.
- The foreign aid budget increased by 52% from FY 1980 to FY 1985, and by 26% from FY 1980 to FY 1987, but that increase has gone almost entirely into military and security programs. Over the same period, U. S. bilateral and multilateral development assistance declined from $5.2 billion to $4.4 billion.

3. Private Voluntary Organizations

To promote the fuller utilization of private voluntary organizations in the planning, implementation and evaluation of U. S. Government development assistance programs.

- U. S. PVOs administer well over $2 billion in annual aid to developing countries.
- PVOs are flexible and innovative. They have the ability to mobilize local resources, work outside government channels, and are able to work in remote areas beyond the reach of regular support systems.
- Funds channeled through PVOs expand the efficiency and effectiveness of U. S. foreign assistance programs at a time of shrinking federal resources. PVOs have the ability both to reach the poor at less cost and to augment U. S. official assistance with private contributions.

4. Humanitarian Assistance

To provide swift, responsive and nonpartisan humanitarian assistance through bilateral, multilateral and private voluntary organization channels.

- There is an increased need for humanitarian aid to persons suffering from natural and human-caused emergencies. A variety of channels, governmental and private, is available for providing such aid, even in situations in which relationships between the U. S. government and the host government are strained.
- Traditional distinctions between civilians and combatants have become blurred, with civilians themselves being targeted in recent conflicts. While only 5% of the casualties in World War I were civilian,

75% of World War II casualties were civilians, and in many contemporary wars over 90% of the casualties are civilians. Witness Mozambique today.

5. Economic Policy Reform and the Debt Crisis

To assure that institutional reforms intended to "adjust" the structure of developing country economies and thereby alleviate the debt crisis are designed in a way that they will protect and assist the poor.

- The developing world is over 1 trillion dollars in debt. The Third World sent approximately $27 billion more to the industrialized world than it received in 1987. Debt service claims approximately 25% of the Third World's revenues. In a number of the poorest countries of sub-Saharan Africa, debt servicing payments exceed net aid flows.
- World Bank figures show that in human terms, the crushing debt burden has compressed the average income by 10% since 1980 in the middle income countries, mostly in Latin America, and by 25% in the poorest countries, mostly in Africa.
- The stagnation of the development process resulting from enormous debts, falling commodity prices and sluggish global trade flows has a significant detrimental affect on the U. S. economy.

6. Women in Development

To support the creation of a national mechanism to advance and monitor the status of women worldwide so that women may be utilized as full partners in decision-making, in planning and in implementing social and economic development programs.

- Women constitute 52% of the world's population, contribute 67% of the world's working hours, receive 10% of the world's income, and own less than 1% of the world's property.
- Women produce at least 50% of the world's food. In developing countries, approximately 85% of women work in agriculture. Moreover, women do 70% of all agricultural work in the Third World. In Africa, 80% of the crops are planted, cultivated, harvested, marketed, cooked, and placed on tables by women.
- Six hundred million of the 800 million illiterate people in the world are women. The strong correlation between literacy and fertility rates must be emphasized as a high literacy rate is basic to meeting the demands of a modern society and to participating fully in all socioeconomic activities.

7. Refugee Assistance

To work to increase the U. S. commitment to refugees and to maintain first asylum and protection overseas through greater refugee resettlement opportunities in the United States and increased development assistance programs for refugee populations in third world countries.

- The number of refugees which the U. S. accepts for resettlement each year has decreased by over 30%-from 207,000 refugees in 1980 to 68,000 in 1988, while the number of refugees in the world has increased by 23% - from 10 million in 1980 to over 13 million in 1988.

- The United States' budget for the refugee program for FY 88 is $346 million. One-third of this amount is spent on the refugee admissions programs. However, 99% of the world's 13 million refugees will never know living conditions above basic survival. For those refugees coming to the U. S., $4,800 is spent on each one, and for those remaining overseas, $14 is spent.

Before closing, let me emphasize several specific points which relate to the Foreign Operation's Subcommittee's deliberations.

On Child Survival:

Many of the PVOs are saving thousands of lives through their work in providing oral rehydration training, immunization, breast feeding, growth monitoring and family planning. Investment in Child Survival is an investment in our future. We believe that the PVOs are uniquely well equipped to carry out child survival programs--as they are now doing--and that A. I. D. should **program more of the funds through PVOs.** Only $15 million of the $60 million programmed was so programmed last year, and this proportion should be increased.

On Development Assistance Levels:

Africa remains an underfunded region. It continues to require special consideration. InterAction is working with the Africa Bureau of AID to implement the $500 million African Recovery and Development Fund that was appropriated. But given the deteriorating economic situation, serious decline in the per capita incomes of many Africans, and the positive steps that many of these countries are beginning to take to adjust their policies, as we have urged on them, **special attention must continue to be paid to meeting those commitments**, made two years ago at the special UN Session on Africa.

On Private Voluntary Organizations (PVOs):

Also, as we direct more resources in the foreign aid budget toward economic, social and humanitarian goals, we must recognize that the environment in which we work is changing. There are many more indigenous non-governmental institutions in the Third World that are grass-roots based. More and more of InterAction's members are shifting their roles to that of supporting and helping to strengthen the institutional capacity of these locally based NGOs to empower their own people to take the steps necessary to develop their self-reliance. Thus, many InterAction members support this shift in emphasis, but wish to stress that a **strong centrally funded office of Private and Voluntary Cooperation in AID remains an important one.**

Due to the high cost of AID overseas staff and the reduction in field missions, it is not possible for AID to interact effectively with indigenous NGOs, directly. The U.S. PVOs, however, must continue to play an important role in bridging this gap.

Therefore, as noted earlier, funds channeled through PVOs will expand the efficiency and effectiveness of U.S. foreign assistance programs at the time of shrinking federal resources.

A recent study of InterAction's own membership found that for 95 members included in our Member Profiles, over $1.2 billion was from private resources and $450 million came from the U.S. Government -- 74% private and 26% government (including food commodities).

On Humanitarian Assistance:

In a time of increasing conflict, civil strife and wars in Africa, Asia and Latin America, the PVOs dedicated to providing humanitarian aid face serious difficulties. Such groups risk getting caught in the crossfire. They are frequently under pressure to choose sides and to help some people more than others. While PVOs differ among themselves on many issues, they agree that to help people around the world today, private aid agencies need to become more politically astute -- while maintaining without compromise, their apolitical nature.

A Working Group on Humanitarian Assistance, met over an eighteen month period to explore the principles and practice of PVOs in providing humanitarian assistance in conflict situations. They came to recognize that to accomplish their traditional objectives, they need to match their well-known warm-hearted compassion with hardheaded professional and political expertise as they strive to provide aid impartially to all in need.

We at CARE are faced with this challenge today in Mozambique and in Ethiopia, among other countries in conflict.

When US AID Missions in countries like Ethiopia or Mozambique need to know "What's happening" in the interior -- how American assistance is being received, where the needs really are -- they know there is a network of PVOs on the spot. For almost everywhere there is a need, there is trouble. Our staffs, both American and foreign, are mobile and alert to developments. They have access to areas where official Americans rarely if ever travel, even if allowed to do so. And government-to-government restrictions are such that in countries like these, there is no substitute for a private voluntary presence, if we want people to know that America cares or if we are to reach them with our help. In 1984 it was private organizations that first alerted the world to the dimensions of the famine in Ethiopia and it was privately raised funds that provided the first assistance on the scene.

InterAction has just published an outstanding book by Larry Minear, of Church World Service and Lutheran World Relief: **Helping People in an Age of Conflict: Toward a New Professionalism in U.S. Voluntary Humanitarian Assistance.** I ask permission to submit this to the committee for its study.

On Economic Policy Reform and the Debt Crisis:

I shall not dwell in the short time available on the dimensions of the debt crisis and need for policy reforms. Suffice it to say that austerity and recession in the Third World make effective programs to overcome absolute poverty more vital now than ever. As UNICEF points out in "Adjustment with a Human Face", higher rates of infant mortality and malnutrition, coupled with declining availability of health and educational services, may result in a lost generation of children. Governments cannot sustain policies that bring unbearable political and social strains. The critical challenge for aid donors in the years ahead will be to work closely with local governments and private voluntary organizations in directing programs and resources to raise the abysmal standards of living of the poor to ensure their active participation in national development. That is a critical role of PVOs in the Third World.

On Women in Development:

Women are among the most affected by poverty. Since the mid-1970's, development policy makers and practitioners have begun to recognize the significant contributions women make toward economic development. Previously, women were viewed as passive recipients of aid, and projects for women were predominantly conceived as welfare efforts to provide health services and food to children. Today, however the importance of women's work and decision-making to family survival in countries at all levels of development is thoroughly documented and more widely acknowledged. Women's community and political roles are increasingly being recognized in all areas of society. If the goal of steadier and more equitable development is to be achieved in the world's poorest countries, national and international programs must help women to increase their productivity and income to gain a better life for their families, communities, and themselves.

For this reason our members strongly support the efforts of AID to pay greater attention to the role of women and wish to stress that we believe more could be done in this regard by **strengthening the Women in Development Office within AID, and even more importantly, by assuring that the role and status of women is made an integral part of AID programming.** Many InterAction members have endorsed a House Bill, H.R. 4049, that is directed toward this end.

Also, I would like to call your attention to a recent book that InterAction's Women in Development committee has published called the **Grafton Compact** (named for Grafton Vermont where a conference was held). It recommends that all PVOs do more to assure that women play leadership roles on the staffs and on the boards of our PVO members. I would like to submit this book to your Committee for review, with your permission.

On Refugee Assistance:

Assistance to refugees is not the direct responsibility of this committee, but it is important to note that the situation of refugees and displaced people throughout the world continues to deteriorate. In Southern Africa, refugees from Mozambique have fled that devasted land in droves to bring the number in Malawi from 70,000 in 1986 to 400,000 at the end of 1987. Similar statistics cry out elsewhere in Africa, and in Afghanistan, as well as in Asia and Latin America. InterAction's Migration and Refugee Assistance Committee estimates that refugees in need of protection and/or assistance in 1988 exceed 13 million. The following table provides the breakdown.

Refugees in Need of Protection and/or Assistance in 1988

Africa	3,574,910
East Asia and the Pacific	560,260
Latin America/Caribbean	290,090
Middle East and South Asia	8,820,000
	13,000,000

The world needs to provide more resources, with equal burden sharing by all nations, to assist long stayer refugee populations.

In Conclusion:

In conclusion, Mr. Chairman, InterAction's members applaud the efforts of your committee to provide development resources in a time of tight fiscal constraints. We believe that in our complex, pluralistic world, US PVOs can continue to help the US government significantly as it strives to carry out our mutual objectives. But as we do so, we must always respect the independence and autonomy of this private and voluntary sector. Thank you.

InterAction Members

Accion International/AITEC
Adventist Development and Relief International (ADRA)
African Medical & Research Foundation (AMREF)
Africare
Aga Khan Foundation U.S.A.
Air Serv International
America's Development Foundation
American Council for Nationalities Service
American Friends Service Committee
American Fund for Czechoslovak Refugees
The American Jewish Joint Distribution Committee
American Jewish World Service
American Near East Refugee Aid (ANERA)
American Ort Federation
American Red Cross
American Refugee Committee
Americares Foundation
Baptist World Alliance
The Breakthrough Foundation
Brother's Brother Foundation
Buddhist Council for Refugee Rescue and Resettlement
CARE
Paul Carlson Medical Program
Centre for Development and Population Activities
Children International
Children's Survival Fund
Christian Children's Fund
Church World Service
Codel, Inc.
Concern America
Consortium for International Cooperation in
 Higher Education (CICHE)
Direct Relief International
The End Hunger Network
Eritrean Relief Committee
Esperanca, Inc.
Experiment in International Living
Food for the Hungry, Inc.
Foster Parents Plan
Foundation for International Community Assistance (FINCA)
Foundation for the Peoples of the South Pacific
Freedom from Hunger Foundation
Global Water
Goodwill Industries of America
Grassroots International
Hadassah
Heifer Project International
Helen Keller International
Hermandad
HIAS
The Hunger Project
Institute for International Development
Institute of Cultural Affairs
InterChurch Medical Assistance, Inc.
International Catholic Migration Commission
International Center for Research on Women
International Eye Foundation
International Institute of Rural Reconstruction
International Rescue Committee

International Social Service/American Branch
International Voluntary Service
Laubach Literacy International
League for International Food Education
Lutheran Immigration and Refugee Service
Lutheran World Relief
Map International
Mennonite Central Committee
Mennonite Economic Development Associates
Mercy Corps International
Migration and Refugee Services/United States
  Catholic Conference
National Council of Negro Women
National Council of Returned Peace Corps Volunteers
Near East Foundation
North American Conference on Ethiopian Jewry
OEF International
Operation California
Operation Crossroads Africa, Inc.
Opportunities Industrialization Centers International
Overseas Development Council
Oxfam-America, Inc.
PACT
Pan American Development Foundation
Partners of the Americas
The Pathfinder Fund
Pax World Foundation
Phelps-Stokes Fund
Planned Parenthood of New York City
Planning Assistance
Polish American Immigration and Relief Committee
Population Communication
Presiding Bishop's Fund for World Relief
  (The Episcopal Church)
Project Concern International
Refugees International
Rodale International
St. Mary's Food Bank
Salvation Army World Service Office
Save the Children
SEEDS
Sister Cities International
Surgical Aid to Children of the World (SACOW)
Technoserv
Tolstoy Foundation
Trickle Up Program
Unitarian Universalist Service Committee
United Israel Appeal
U.S. Committee for Unicef
Volunteers in Technical Assistance (VITA)
Winrock International Institute for
  Agricultural Development
World Concern
World Education
World Hunger Year, Inc.
World Neighbors
World Relief Corporation
World Vision
Young Men's Christian Association of the United States
Young Women's Christian Association of the U.S.A.

RED CROSS ACTIVITIES IN ETHIOPIA

Senator INOUYE. In our endeavor to pursue humanitarian goals, we find that we have to depend upon the PVO's on many occasions because we as a nation find it difficult to participate, for example, in places like Ethiopia. How is the Red Cross doing in Ethiopia, do you have any idea?

Mr. SYKES. Last week they worked out an agreement with the government of Ethiopia. I believe they have overcome the impasse and are returning to those areas of conflict to resume their responsibilities in the distribution oversight of the relief commodities and supplies. That is the last news I heard, Senator.

Senator INOUYE. Thank you very much. Your statement is very helpful.

And I am also pleased to advise you that most of the recommendations made by you will be found in the recommendations that I will be making to the committee next week.

Mr. SYKES. Thank you, Mr. Chairman.

U.S. OVERSEAS COOPERATIVE DEVELOPMENT COMMITTEE

STATEMENT OF TED WEIHE, EXECUTIVE DIRECTOR, U.S. OVERSEAS COOPERATIVE DEVELOPMENT COMMITTEE

SUPPORT OF COOPERATIVES AND PVO'S

Senator INOUYE. Our next witness is Mr. Ted Weihe, Executive Director of the U.S. Overseas Cooperative Development Committee.

Mr. WEIHE. It is a pleasure to follow CARE. Most people do not know that the "C" in "CARE" stands for "cooperative," and many of my organization helped form CARE and are on its board.

There are 10 organizations associated with the cooperative community. It began with the Humphrey amendment really in 1961, with aid to take the same type of self-help cooperative success story with credit unions and agriculture here in the United States and work overseas. And there are cooperatives in every country, including Russia and China, but in every developing country you will find cooperatives that we work with.

I want to update you on a number of initiatives in the subcommittee supporting cooperatives and PVO's. We are a specialized form of PVO. We are particularly pleased with the language that the subcommittee had last year on supporting the central office for private voluntary cooperation.

It really is a way of having the PVO's kind of set the agenda and to bring their own resources into the play, rather than having AID missions set the agenda for the PVO. And that is why we think that office is very important.

If you straight line funding for that office this year, it would be about $52 million. They have transferred the food aid enhancement program. This is the sort of thing Mr. Sykes talked about, the development component of your food for work programs.

That program is about $5 million. We think it ought to be increased.

Also, AID had proposed reducing the child survival program in the central office, where PVO's bring money to the table for worldwide programs. We have talked to AID and we think they have seen the wisdom, and this committee was very supportive of that, to maintain that at least at the $15 million for child survival.

That would total around $60 million for that office, which we would appreciate your support for.

RURAL ELECTRIC COOPERATIVES

So my other organizations that I work with, of course, are the rural electric cooperatives. As you know, they are in about 46 States and cover about three-quarters of the United States, and are a great success story of development in rural America, as troubled as it is today.

They have some very innovative programs in Central America, which Senator Kasten and yourself have been very supportive of. Obviously, with 85 percent of the people not being reached in Central America with electricity, we have some real experience to be of assistance. And this committee has supported that initiative.

We also have been concerned about the Office of Energy and, because of your committee's work, that has been able to be maintained at $10 million. So it is not a lot of money, but it is the core energy interest of the AID agency and we think it is important, and we appreciate the committee's support of that.

EASTERN CARIBBEAN UTILITIES

We also last year in the House and here had some funding for eastern Caribbean utilities. I am very pleased that AID now has seen the virtue of that program. We do not want any earmarking. Here is one case where we are asking you to eliminate an earmarking that was eliminated on the House side, and AID has come along and realizes that you have to have reliable electricity in these small island countries if the CBI is going to work.

You just cannot ask business to go down there and not have reliable power.

The commonwealth has withdrawn and we are trying to create a central facility for training and management in Barbados to work with the small island states in the Caribbean. And I think it is going to be a real success story that this committee helped launch.

DAIRY DEVELOPMENT PROGRAM

The dairy development program is going along extremely well. One of my organizations, Land O'Lakes—there are other groups doing this—has consummated the largest dairy cattle sale in U.S. history of 20,000 heifers to Indonesia, and it has combined some USDA funding, some AID funding. And as you know, in the developing world the dairy industry tends to be very poor.

It tends to be one or two buffalo or cows. And we see it as not only helping the developing area, but also providing long term benefits for our dairy industry in building markets, particularly feed grains and technology.

HABITAT SUPPORT

And finally, you have been a great supporter of Habitat, $400,000. We would like that to continue. Habitat is a very unique little agency in the U.N. system, and what makes it very unique is it knows that the housing problems in the Third World are going to be solved through self-help, not through public programs and not through developers.

And they really are very small, but very innovative, in the work that they do. So I appreciate your support for that.

Senator INOUYE. Thank you very much. It is always good to know when we are doing the right thing.

[The prepared statement of Mr. Weihe follows:]

U.S. Overseas Cooperative Development Committee

OCDC

STATEMENT

BY

TED WEIHE

EXECUTIVE DIRECTOR

U.S. OVERSEAS COOPERATIVE DEVELOPMENT COMMITTEE (OCDC)

Mr. Chairman, I appreciate the opportunity to testify before the Subcommittee concerning the foreign assistance appropriations for FY 1989. I will briefly summarize our testimony and submit the entire statement for the record.

Formed in 1961, the U.S. Overseas Cooperative Development Committee, formed in 1961, is a private nongovernmental organization which represents more than 70 million members of U.S. cooperatives and their commitment to assisting cooperative development abroad. OCDC is composed of ten cooperative development organizations (CDOs):

- Agricultural Cooperative Development International
- Cooperative for American Relief Everywhere (CARE)
- Cooperative Housing Foundation
- Land O'Lakes
- League Insurance Companies, Nationwide Insurance and other cooperatively based insurance companies
- National Cooperative Bank
- National Cooperative Business Association
- National Rural Electric Cooperative Association
- Volunteers in Overseas Cooperative Assistance
- Credit Union National Association/World Council of Credit Unions

Currently, U.S. cooperative development organizations provide technical and training assistance to more than 40 developing countries. In addition to the economic benefits provided to cooperative members overseas, these programs build grassroots democratic institutions and strong people-to-people relationships which contribute to understanding and world peace.

SUGGESTIONS FOR FOREIGN ASSISTANCE APPROPRIATIONS FOR FY 1989

1. We want to commend the Subcommittee for several of its initiatives last year. For several years, the Subcommittee has included report language which supports private and voluntary organizations and cooperatives. Last year, the Subcommittee indicated a level of central funding to the Office of Private and Voluntary Cooperation (PVC) for PVO programs at $50 million. This important office, which allows for more independent funding for worldwide programs for PVOs and cooperatives, was funded at $47 million in FY 1988 as a result of your support. U.S. cooperative programs are currently at $5.1 million and a recent Congressional Notification raises the level to $6 million.

   We believe this language has prevented cuts of up to $15 million in each of the current and previous fiscal years for this key PVO office, if the usual AID budgeting process had taken place which favors country programs over those of PVOs. Funding for this central PVO office and PVO field funded activities indicates AID's positive response to Subcommittee's report language to maintain these people-to-people programs. It also reflects the greater use of PVOs and cooperatives as intermediary organizations for development assistance as AID's own programming and management capabilities have diminished.

   We concur with the Subcommittee's 1987 report language that PVOs and cooperatives increase the participation of rural and urban poor in their own development. In particular, these organizations offer substantial benefits to developing countries in terms of conducting low cost, rural based, innovative development programs which complement and strengthen official development programs. PVOs and cooperatives tend to serve the poorest, neediest and most difficult to reach populations.

   Due to the high cost of AID overseas staff and the burden of overseeing many relatively small PVO activities, AID missions are often inhibited from more fully supporting U.S. PVOs. It is for this reason that AID should maintain a strong central PVO office which provides worldwide grants.

With the recent transfer of the food aid enhancement and outreach grants into the PVC office, the straightline funding in FY 1989 would be $52 million including, among other activities, $21.6 million in PVO matching grants, $10.5 million in PVO child survival programs, $6 million in cooperatives, $5 million in food aid enhancement, $3 million in development education, and $3.5 million in ocean freight reimbursement. However, we believe that this level of funding is too low for two reasons:

First, central funding for PVO programs in Child Survival Fund activities has been reduced from earlier years and these programs have been shifted to less effective government-to-government channels. The original intention of the Child Survival Fund was to provide funding where the child survival needs are greatest and to give priority to private voluntary organizations and international organizations that have the capacity and experience to implement direct service programs that reach children and parents at the community level. Instead, these funds have been utilized to offset shortfalls for country programming in other AID accounts. In effect, AID has apparently indicated to governments that while other funds are not now available, they can make up congressional cuts with child survival programs.

We can not think of another type of program that is more appropriate for PVOs which have historically focused on childrens programs. While government programs are important, we believe the focus of the new Child Survival Fund should be through direct delivery mechanisms of U.S. PVOs such as CARE, World Vision, Save the Children, the Adventists and Rotary International.

AID has combined funds from health and agriculture accounts with those in the separate Child Survival Fund for a variety of interventions including Vitamin A programs, inoculations, diarrhea control (ORT), etc. We believe that a major percentage of the Child Survival Fund itself should be provided to PVOs based on worldwide programming criteria that puts the funds where the greatest need is. The minimum level should be maintained at $15 million for FY 1989 (the request would cut the programs to only $10.5 million) in Child Survival Funds. Last year, the Committee suggested a level of $25 million "through" the Office of Private and Voluntary Cooperation for PVO programs. Currently, child survival central funding is in AID's Bureau of Science and Technology. We think more of these funds should be shifted to the central PVO office in keeping with the Committee's 1987 report language.

Second, in our opinion, the food aid enhancement and outreach funding at $5 million is inadequate. CARE and other PVOs are having great difficulty with the high operational costs of undertaking and maintaining mother and child feeding and food for work programs in Sub-Sahara Africa. Because the infrastructure in roads, ports, storage and communications is weak, PVOs and cooperatives experience great difficulty in undertaking regular, non-emergency humanitarian food aid programs without related developmental funding in these very poor countries. Funding for food aid enhancement and outreach programs has declined sharply. We believe that these programs should be funded at least at $12 million. Without increased dollar funding to support and make possible feeding programs, many PVOs will have to cutback on these humanitarian efforts.

Thus, it is our recommendation that funding for the PVC office be increased from the current $52 million level to $60 million to maintain current PVO and cooperative programs and to expand food aid enhancement and outreach as well as PVO child survival programs. While we recommend fuller funding of PVO child survival and food enhancement programs which would raise the level higher, the $60 million figure is in keeping with foreign assistance funding constraints. The proposed $8 million increase can be accommodated through reductions in corresponding government-to-government programs, thus, does not represent an overall increase in AID funding.

2. We appreciate the Committee's report language in support of cooperative development and the role of U.S. cooperative development organizations in bringing self-help democratic programs to low- and moderate-income people in developing countries. We also want to thank the Committee for its support of credit unions which are among AID's most successful developmental efforts. As a result of the Committee's support, AID has initiated a modest addition program for innovative cooperative development which will result in new computer based training to assist overseas cooperatives in management, finance and trade; a model telephone cooperative in the Philippines; integrated corn production and processing cooperatives in the Ivory Coast; new local currency and debt conversion programs for capitalizing cooperatives and an effort to privatize governmental entities through cooperatives.

   We encourage similar report language for FY 1989 which encourges AID to continue support for U.S. cooperatives at $6 million.

3. We want to commend the Subcommittee for its support and AID's positive response in strengthening the Office of Energy. Your report language last year was instrumental in reversing the disproportionate reduction in AID spending for energy programs and re-establishing a stronger central office at $10 million in FY 1988. Energy shortfalls continue to draw valuable resources from economic development in developing countries. We will be reviewing the report the Subcommittee requested on the magnitude of the energy crisis in developing countries, its implication for their future and the potential for U.S. technologies and services to address these programs. We will be following up with AID and others with our recommendations on issues raised in the report.

   We encourage the Subcommittee to again express its strong support for AID's Office of Energy in addressing the energy crisis which continues to be faced by the developing world.

4. Further, we want to thank the Subcommittee for its support for two important initiatives for rural electrification in Central America and for electric utility development in the Eastern Caribbean. The five-year Central American program is making excellent progress. The goal of the project is to address rural poverty in the region by increasing rural access to the benefits of existing and planned power.

   Project priority is being placed on interventions which support energy efficiency and enhancement, productive uses, and policy and institutional reform for decentralization and private sector development. The strategy is to enhance the economic and financial attractiveness of rural electric investments by reducing investment cost, improving organizational and operational efficiency of rural electric utilities and expanding economic benefits and financial revenues.

   We encourage the Subcommittee to continue funding the Central American Rural Electrification Support Program at $5 million in FY 1989.

5. With support from your Subcommittee, the NRECA and Florida Power and Light project for assisting Eastern Caribbean utilities and creating a common services organization is moving ahead.

   AID has requested a revised and updated proposal which has been submitted. The project has now been set at $5 million for a four-year period. It will establish a small institute for focusing on critical technical assistance, training and joint services which can be provided at lower cost through a coordinated effort for all of the small island power systems. Training priorities are for linemen, powerplant operators and mid-level managers. Joint services include a variety of engineering, management, consulting and procurement activities. The institute will be controlled by the participating utilities to ensure that all services are relevant to their needs. At the end of the project, the institute is to be self-sustaining through income generated by fees and dues.

We believe that the Eastern Caribbean Regional Utilities Maintenance Project will ensure that adequate supplies of electricity are available to the people of the region to further their development. The project meets the goals of the Caribbean Basin Initiative through making electric power more reliable and thus enhancing business development and employment opportunities.

We encourage the Subcommittee to commend AID on undertaking this important initiative and do not believe a further earmark is necessary.

6. We can report excellent progress on the Subcommittee's dairy development initiative. The Subcommittee has provided that up to $5 million in AID's agricultural functional account should be used for new projects of private sector entities and cooperatives using surplus dairy products when available. The goal is for AID to support projects to help build markets for U.S. dairy products and technologies, strengthen agricultural development efforts and boost milk and dairy product consumption.

   Land O'Lakes has undertaken the leadership of this effort. The development of private sector dairy production, processing and marketing can provide better and higher quality milk and milk products to the consumers at lower costs and assist the many small and impoverished farmers usually associated with milk production. The programs enhance nutritional welfare of rural and urban consumers, help stabilize local markets and build markets for U.S. dairy technologies and products.

   Declining surplus U.S. dairy products have not made it possible to combine this development work with food aid. However, the program is becoming a key ingredient in the export of dairy cows and technology as evidenced in Indonesia. As the Indonesia dairy industry grows with U.S. technical assistance, new opportunities will emerge for product development and markets for U.S. dairy technology and feed grains. A similar initiative is about to be undertaken in Pakistan.

Again, we encourage the Subcommittee to maintain its support for this program in legislation and report language. When surplus dairy supplies become available, we agree with the Subcommittee that a high priority for the use of such surpluses is to support innovative economic development efforts which also strengthen long term U.S. dairy technology and product market opportunities.

6. We support the continuation of the $400,000 U.S. contribution to Habitat, the United Nations Centre for Human Settlements (UNCHS) in FY 1989. Habitat assists developing countries in the development of sound human settlements policies. Habitat plays a critical role in serving as a focal point for international efforts to address shelter needs including coordination of multilateral, bilateral and nongovernmental organizations. Habitat has taken a leadership role within the United Nations for private sector approaches as the only viable long term approach to meeting the world's housing needs.

Since 1973, the Cooperative Housing Foundation has been working with Habitat in Tanzania for low cost housing for Dodoma, the new seacoast city which will replace Dar es Salaam as the nation's capital. Through 25 cooperatives, the project will develop 1,000 plots for housing 8,775 people. For many of these families, this will be their first opportunity for homeownership and to move away from shared or crowded quarters. The typical plot is 15 by 30 meters. The plots are large enough to house a temporary shelter while the family builds its permanent house and to provide for a substantial garden. The basic house itself is a two room core unit about 20 meters square. CHF is also strengthening a local housing organization to provide ongoing technical assistance, facilitate the creation of cooperatives and manage the construction of housing and the installation of infrastructure.

We encourage the Subcommittee to again provide $400,000 for Habitat in FY 1989.

REPUBLIC OF CAPE VERDE

STATEMENT OF DAVID A. BORTS, ESQ., ON BEHALF OF THE REPUBLIC OF CAPE VERDE

SUPPORT OF CAPE VERDEAN AMERICANS

Senator INOUYE. Our next witness is Mr. David A. Borts, speaking for the Republic of Cape Verde. Welcome, sir.

Mr. BORTS. Senator, I recently came back from a trip to the Republic of Cape Verde, in which I had an occasion to meet with many members of the Cape Verdean government, members of the professional classes, members of the agricultural farmers in the countryside.

And I have over a number of years in Rhode Island, where I come from, become an advocate and representative of many Cape Verdean Americans. I am here to speak to you this afternoon on a very small and limited section of what this committee might cover in its overall scope.

But I am here to testify about something that I consider very important. In the northeastern United States, we have a large community of Cape Verdean Americans. In fact, the estimates are that there are 350,000 Cape Verdean Americans in southeastern New England, Connecticut, Rhode Island, and Massachusetts.

In the past, this group has been a very underrepresented voice in the halls of Congress. And it has come to my attention as an advocate, an attorney in the community, that this is the time that representation of some form or speaking to Congress should commence.

I am here to talk to you, not particularly about any special initiatives before the committee, but in general about certain problems facing the Republic of Cape Verde, certain initiatives that the U.S. Government and this committee might have some participation in, and certain actions that we have taken by the force of this administration that have had severe economic impact on the Republic of Cape Verde.

The sanctions imposed against the Republic of South Africa resulted in a great economic loss inadvertently to the Republic of Cape Verde. The denial of landing rights in this country to South African Airways, which certainly I and the Cape Verdean government agree with and support wholeheartedly, resulted in a tremendous economic burden to the Republic of Cape Verde.

The history of Cape Verde has been one in which, either for shipping or now as a home of aircraft landing, Cape Verde has always served as a port of call. The international airport at Sal Island, Cabral Airport, has been one of the leading earners of foreign capital for the Cape Verdean Republic since its inception in 1975.

It has been estimated that the loss of landing rights as a result of sanctions imposed on South Africa on an annual basis directly is costing the Republic of Cape Verde $6.6 million. That does not calculate anything to do with the cost of putting up staff, personnel, and tourists, that resulted as a result of the air flights that took place.

We are certainly not arguing on behalf of those flights at all, Senator. But what we are saying is that we have a large community of Cape Verdeans in this country and we feel that in other situations where actions by the administration have run into situations which have caused detriment to certain foreign countries in which there are large numbers of Americans of descent from those countries, there have been certain actions taken to fulfill the loss that—or fill in the loss that has taken place.

Senator INOUYE. How much has it cost?

Mr. BORTS. We estimate it cost $6.6 million annual. The estimates of gross national product of Cape Verde are $200 million a year. So we are talking 3.3 percent of the gross national product.

And the economic statistics in Cape Verde are quite rudimentary, but this is an estimate.

FOREIGN AID TO CAPE VERDE

The history of foreign aid to Cape Verde over the past 10 years, although hopefully that was turned around in the past year, has been it has decreased. I understand that there is an appropriation, an increased appropriation for calendar year 1987, and certainly it is something we are looking forward to in the future, because there are certain projects funded by the U.S. Government right now that are having a great impact.

There is a watershed project going on that U.S. AID is involved in, and there is a reforestation project going on which is having a great impact as well.

As I am sure the chairman is aware, Cape Verde is on the western tip of what we call the Sahel. The lack of rainfall over the last 15 years has created a virtual desert of many parts of the Cape Verdean Islands. The reforestation project which U.S. AID is involved in is planting a type of tree that can live off of virtually 1 or 2 inches of water a year, and is having a great impact on creating land that is irrigable.

We have been involved in doing this for the last several years. It is something that increased funding could have a great impact on.

And of course, as in any Third World country, we have certain rudimentary infrastructure that has not developed because of the age of the country. The country is 10 years old. There are certain schooling systems, health care facilities, that are just abysmal, that we need help with.

HEALTH CARE FACILITIES IN CAPE VERDE

At the present time, the first thing that an American is greeted with when you go to the Cape Verdean Republic and you go to the embassy is, you are given a package as to the do's and don't's, as you would get in any foreign country. And one of the first things is: What do you do if you have an emergency health care problem? What do you do in a medical emergency?

The first thing you do is, we put you on the plane and we send you to Dakar. That states implicitly the level of health care that we have in Cape Verde.

It is estimated that worldwide there are 1,000 Cape Verdean nationals who are physicians. In Cape Verde, my report indicates at the present time, I believe, that we have only, I believe it is 51, Senator. The exact figure is stated in the report in the testimony to you.

And the other thing that we are in the infancy in organizing amongst the Cape Verdean community in southern New England, and hopefully we will put some proposals to this committee in the future, is regarding the founding of an endowment for a national university in Cape Verde. At this point in time, the professional classes are reluctant to come back to Cape Verde.

It is a very poor place. There is nothing to attract them. Many of them come overseas, study in this country and remain in this country.

And we are hoping through the actions of the community in southeastern New England and ultimately through perhaps some intervention from the U.S. Government, that a national university endowment may be put together, with the hopes that we may be able to keep the professional class in Cape Verde.

As I am sure the Senator is aware, besides the fact that we have large numbers of Cape Verdeans in this country, there is a certain military and strategic importance, and there is also a great deal of competition going on. It is right in the hub of competition between the Soviet Union, the Chinese, the Cubans, and the United States.

The Soviet Union has attempted, I understand, in the last 6 years to have a naval facility put in in Mandelo. The government refused this.

There is a great deal of inherent goodwill amongst the Cape Verdean people for America. This results from historical conditions. It results from the historical emigration to southeastern New England, and it results from the general feeling that development of business in Cape Verde and development in general is going to come about through ties with the United States.

The Soviet Union at the present time has helped develop support for the police and military forces there, and we have emphasized economic aid. I can only argue for an increase in the economic aid to bring the economic aid back to the levels that it was at 10 years ago, and perhaps that we can do something to assist the Cape Verdeans in further developing their economy to replace this great loss they suffered inadvertently as a result of our sanctions against South Africa.

As the Cape Verde Ambassador, Jose Luis Lopez, was quoted recently, he said: What we would like is for our friends to help us develop something sustainable, something that would give us independence, economic independence.

And that is what I am here for today, for beginning to make the committee aware of this small problem in the overall scope of the foreign aid package, of this small community in the overall scope of 200 million people in this country, but to bring some awareness and hopefully some information to the committee.

Thank you very much.

Senator INOUYE. Thank you very much.

Am I correct to assume that you are a registered agent of Cape Verde?

Mr. BORTS. I am not a registered Cape Verdean agent. I have come here purely as a volunteer and I have not been asked to be here by the government of Cape Verde.

Senator INOUYE. Thank you very much.

I do not think too many of us know about Cape Verde.

Mr. BORTS. It is a very interesting place, Senator, and certainly a place that I learned a good deal about. It was my first glimpse of the Third World, and it is certainly something. The poverty that one sees is something that everyone in this world should have a chance to see at some point in their lives.

Thank you, Senator.

Senator INOUYE. Thank you.

[The prepared statement of Mr. Borts follows:]

TESTIMONY OF DAVID A. BORTS

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BACKGROUND:

The Cape Verde Islands are located in the Central Atlantic Ocean approximately 385 miles off the west coast of Africa. The archipelago consists of 10 islands and 5 islets. Nine of the islands are inhabited.

The Cape Verde archipelago was uninhabited until its discovery by the Portugese in 1462. The aim of the Portugese in establishing a colony at Santiago was to expand trade and facilitate growth in its commercial sector. The Atlantic slave trade, at its height during the 16th century, and related commercial activities formed the basis of the early colonial economy. The islands economic dependency on the above trade and her related commercial activities declined with the abolition of the slave trade in 1860. Poor economic conditions on the islands of Cape Verde were further accelerated by cyclical drought and famine.

The first recorded drought was between 1773 and 1775 when over 40% of the population perished. Other years of famine between 1787 and 1900 claimed the lives of more than 250,000 Cape Verdeans. More recently a drought which began in 1968 has continued. Cape Verde, however, did experience temporary relief after an 18 year drought when in 1986 Cape Verde experienced a rainy season. Unfortunately, this rainy season came in the form of torrential downpours. As a result, Cape Verde was not prepared to retrieve the much needed rain water. An inevitable consequence of the droughts has been emigration, which began in the 1690's and continues today. Cape Verdeans in the United States now number approximately 350,000 in the United States. Presently, remittances from Cape Verdeans living abroad constitute about 30% of Cape Verde GNP. Additionally, approximately another 35% of Cape Verde's GNP comes from foreign aid.

As the drought continues, the economy of the islands remains severely depressed. The country is depending greatly on foreign aid and remittances from Cape Verdeans living abroad enable them to purchase supplies of all staple foods. The short term outlook for Cape Verde is not bright. Even with many years of good rainfall, the agricultural sector will not recover quickly and Cape Verde will continue to be heavily dependent upon foreign assistance (especially food). Nearly 48,000 tons of food have to be imported each year, accounting for 45% of the National Budget expenditure. Prior to the droughts inception in 1968, the county produced 80% of its food needs. Today, however, the county produces only 10% of its own food. Imports, in a recent year, amounted to 100 mill (½ of them food). Exports of goods, mainly fish, earned 2.5 mill.

The fishing industry provides Cape Verde with a good deal of commercial hope. The industry employs nearly 20,000 and accounts for 32% of the export earnings. There are fish processing plants on Sao Vicente and Brava Islands. Industrial fishing is also being expanded as a result of the reorganization and expansion ofInterbase, a public holding company. Another related project is the revitalization of the fishing port of Mindello with additional cold storage facilities and a modern ship-yard. It should be added the port at Mindello represents one of the finest harbors in West Africa as its facilities as well as geographic location is considered superior to most in the area.

Cape Verde's industrial production consists of three items: canned fish, alcoholic beverages and salt. Plans for industrialization include a shipyard in a joint venture with Dutch and Portugese interests. In current plans are modernizing canneries and production of cement, salt, soft drinks, shoes, pasta, mineral water, beer, and tobacco products. Tourism is another industry which represents a tremendous amount of potential for development.

FOREIGN POLICY:

Cape Verde follows a policy of non-alignment and seeks cooperative relations with all friendly states. Brazil, Cuba, Portugal, France, the Peoples Republic of China, the Soviet Union, and the United States maintain embassies in Praia. Cape Verde is associated with EEC through the Lome Convention. The Cabral Airport on Sal Island and Mindella Port on Sao Vicente were important elements in the NATO Defense System before independence in 1975. It should be noted that in 1980 the government of Cape Verde rejected Soviet requests to use Sao Vicente as Naval Facilities. Additionally, the government ofCape Verde takes an active interest in international affairs, especially in Africa. It pursues this interest through bilateral relations, especially those with the other lusophone nations, and through its membership in international organizations. (OAU) (ECOWAS - Economic Comm. of W.African States) -

U. S. - CAPE VERDE RELATIONS:

The United States recognized Cape Verde on its independence day July 5, 1975 and supported its admission to the UN. The cordial relations between the two countries are most likely rooted in the historic ties between the two nations, as many Cape Verdeans have emigrated to the U.S. beginning in the 19th century, and those thousands of Cape Verdeans who have come to the U.S. have made invaluable contributions to American society and culture. Further enhancing bilateral relations between the two countries has been the establishment of a direct flight (SAL/ BOSTON) by the government of Cape Verde through its National Airline TACV.

The U.S. acted promptly to provide humanitarian aid and economic assistance to Cape Verde in the period immediately following independence, as well as in the wake of a hurricane which struck the Island of Praia in 1982. Presently, the United States Agency for International Development (USAID) has assisted the government of Cape Verde with establishing public works projects designed to improve infrastructure, agricultural and environmental conditions. USAID's Watershed Development Project is one such project. The project is under the direction of four U. S. specialists and 4 Cape Verdeans. Additionally, the project employs more than 6000 workers who would otherwise have no means of livelihood. Success of the project can be seen from the lands that were formerly irrigated that succumbed to the drought. Those lands have been replaced with newly watered areas at the bottom of dammed up ravines.

The success of the U. S. Aid sponsored watershed program is typical of Cape Verdean efficiency when putting the foreign aid to good use. A recent Christian Science Monitor report entitled Cape Verde: Staying Afloat quoted Tom Boll, Director of USAID as saying "few countries make the good use of their aid that the Cape Verdeans do. Contributing to the positive image portrayed by Cape Verde's fiscal responsibility has been the widely dispersed emigrant community and the positive contributions they have made and continue to make in the countries they are living.

Unlike many other African nations receiving U.S. aid, the Republic of Cape Verde has managed to grow econmically at a constant rate. Additionally, the government of Cape Verde is quite stable as it's President Pereira adored and respected at home as well as abroad. Finally, unlike other African nations receiving U.S aid Cape Verde has been praised by the U.S concerning its human rights practices.

In it's 1986 report to Congress on the human rights records of all nations that receive U.S aid, the State Department reported that Cape Verde encourages and supports a wide array of freedoms, ranging from fair court trials to free speech. The report stated that liberal immigration policies in Cape Verde have provided the "escape valve" for discontent and have given the people the chance to reunite with their families brings abroad or to widen their economic opportunities abroad. In fact, many college age students (especially medical) upon acquiring a taste for the western world decide not to return to Cape Verde. The report also cited the fact there have been no reported political prisoners or killings in Cape Verde, nor have there been any "disappearances" of those opposed to the ruling political party. The State Dept. report also cited the governments respect for civil and political rights, due process and the integrity of the person as being supported by the state and as further reinforced by a lively free press.

Despite Cape Verde efficient handling of foreign aid, governmental stability, respect for human rights, and above all else an inescapable need for humanitarian aid, U.S aid to the tiny and economically troubled nation has declined sharply. In ten years U.S aid has moved from a level of 11.8 mill. in 1978 to a level of 3.4 mill. in 1987. U.S aid to Cape Verde has continously decreased even in the wake of cessation of approximately 400 annual flights from South Africa transiting Cabral International Airport located at Sal Island. The cessation of S.A.A flights is largely a result of United States sanctions aimed at South Africa's system of apartheid. Thirty-six South African planes used to stop every week providing Cape Verde with more than $10 mill. in direct income. As a result of American sanction only nine South African planes enroute to destinations in Europe, call each week cutting the income by about 7 million. Government officials in Cape Verde estimate that the total loss could be more than twice as large when the money that passengers and crews would have spent as local hotels, restaurants and shops is taken into account. In a recent New York Times article Cape Verde Deputy Minister for foreign affairs was quoted as saying "There is no other country as dependant on South Africa as we are. South Africa has provided our single major source of income." Despite the grave economic consequences of the sanctions imposed by the U.S, the government of Cape Verde admirably favors sanctions against South Africa reasoning that it is a question of "morality and solidarity" with the rest of Africa.

That Cape Verde is in need of aid is not in despute. The effect of the drought coupled with the unavailability of drinking water on the islands serve as indicators of Cape Verdes distressful situation. Evidence of Cape Verde's situation can further be seen through it's health and educational system. In a recent year there were 21 hospitals in the country, all run by the state, with 632 beds, or 1 bed per 512 inhabitants. The number of medical personnel in the country is estimated at 51 physicians, or 1 physician per 6353 inhabitants, 3 dentists and 184 nursing personnel. Clearly, Cape Verde is a country faced with a shortage of needed doctors to combat the effects of the drought as well as the major health problems caused by malaria and influenza. It should be noted that approximately 1000 Cape Verdeans are licensed physicians practicing outside of Cape Verde upon earning medical degrees at a foreign university. Perhaps a way to bolster the number of medical personnel in Cape Verde would be to increase aid to Cape Verde's educational efforts via the creation of an endowment fund for a national university.

The building of new schools and improvements of teacher training are two official priorities in educational planning in Cape Verde. In a recent year, the government of Cape Verde exhausted 10.6 % of the national budget and 7.5% of G.N.P on education (as compared to a UNESCO recommendation of 8%) In the absence of local university, Cape Verde students who wish to pursue a higher education must study abroad. Presently, there are a number of Cape Verdean students studying in the United States (approx. 60) The establishment of a national university would clearly make higher education more accessible to the average Cape Verdean high school graduate. Presently, to pursue an education abroad one must be given a scholarship by the government, as few Cape Verdeans are able to afford the cost of sending a young son or daughter abroad to study. Many of these scholarships go unclaimed because of the inadequacies consist mainly of the shortage of adequate school facilities. A problem which can be remedied by increased aid marked for construction of needed school facilities.

As mentioned earlier, all higher education must be sought abroad. As occurs in many developing countries, students who do complete their education are unemployed or underemployed. In Cape Verde, this is a particularly serious problem in the technical fields, and the government is attempting to design some incentives for trained technicians to return.

The U.S has aided the government of Cape Verde in dealing with the drought, through the U.S AID (watershed program) and the U.S aided reforestation program of many areas throughout the islands, as well as construction of a desolinization plant on the island of Sal. Cape Verde has handled all U.S aid with wisdom and austerity. The type of aid that Cape Verde is presently in need is humanatarian in that it will help Cape Verde improve it's deficiencies brought on by the drought in the agricultural sector, the educational sector and the health sector. Cape Verde's Ambassador to the United States Jose Louis Lopez was recently quoted in a New York Time's article as saying "What we 'd like is for our friends to help us develop something sustainable, something that would give us independence(economic)."

Not only would increased aid allow the Cape Verde governement to attain economic independence but would also afford the United States the opportunity to strengthen the long and friendly relations among the two nations and may further allow the U.S to make better use of Cape Verdes desirable geographic location; As the USAF presently makes several technical stops each year at Cabral International Airport on Sal Island.

AMERICAN TURKISH ASSOCIATION

STATEMENT OF ORHAM H. SULEIMAN, MARYLAND AMERICAN TURKISH ASSOCIATION

U.S. FINANCIAL COMMITMENTS

Senator INOUYE. Our next witness represents the Maryland American Turkish Association, Mr. Orham Suleiman. Mr. Suleiman, you have a very distinguished name.

Mr. SULEIMAN. Thank you.

Every year this committee is asked to review the financial commitments of the United States in the foreign policy context. This is really a difficult and formidable task.

The relations among Turkey, Greece, Southern Cyprus, and the Turkish Republic of Northern Cyprus, are all interrelated and complex. Turkish Americans have an honorable relationship with the United States, and only in recent years has this community attempted to speak out in this country, originally intent on leaving foreign policy experts to decide what is best for the United States vis-a-vis Turkey.

They have been forced to counter the massive efforts of the Greek-American community, an ethnic lobby which is driven more by its ancient hatred of Turkey than is justified. Please let me review some basic and relevant points, and I bring these up because as time goes on it appears that the Greek-American community really tries to paint history beginning from 1974 on.

And unless you understand the events that occurred prior to that and the emotion that continues to this day among Turkish Cypriots and mainland Turks, you cannot really begin to understand the complexity of the situation. It is a two-sided story, as everything is.

TURKISH INTERVENTION IN CYPRUS

Turkey's intervention in Cyprus in 1974 on behalf of the threatened Turkish Cypriots was morally and legally correct. There is ample justification for her actions. Time does not permit me to delve into these details, but I speak not only from general knowledge of these facts, but from personal experience.

My Turkish Cypriot relatives were on the defensive in Lefkara, a small village in the south, in Gecitkale, a village where they took refuge in 1964, and in 1967, and throughout the island prior to 1974. I have relatives who relocated. Some were killed in 1967, many, many years before Turkey's alleged invasion of the island.

I would like at this point to recommend—I know you must have tons of things to look at, but I will submit this for the record. This was written by a member of the British Government who served on Cyprus. I feel it is an objective and nonethnically motivated book. It criticizes Turkey also to some degree, but I think it is a good historical and factual document to look at.

Pressure tactics have failed. The Greek-American community's effort to pressure Turkey via Congress, such as the unsuccessful arms embargo, has really done more harm than good.

The Greeks have—and this bothers Turkey to a large degree—to this day failed to acknowledge their past wrongs. This point should not be lost.

Their attack centers on two fronts. The first is that Turkey is a disloyal ally; and the second is that the Republic of Turkey invaded Cyprus against its will and remains intransigent to this day.

If you talk to the average person, they think that Turkey went on a cruise that fateful day in 1974 and just decided to land on Cyprus, when in fact completely unaware of the preceding 11 years of history and attacks against the Turkish Cypriot community.

I will not go into a whole lot of detail. Turkey feels she has been a loyal ally. She feels she has served NATO admirably.

She has made an effort, probably more so than a lot of other countries, to respond to Western criticism, either to improve on human rights or to stop poppy growth many, many years ago, concerning illegal drugs. And Turkey has really made a lot of effort to westernize.

And I think the feeling there among the people is this lack of being allowed to belong. Some people would not lend much credence to that, but I think it is an important fact to be aware of.

Whereas the other thing that fascinates the Turkish public is the America-bashing that the Greek community or Greece continues to perform, and it does not seem to suffer from that, whereas Turkey seems to be the victim to these actions.

TURKISH INTERVENTION IN CYPRUS

The second point I am going to discuss is Turkey's intervention in Cyprus. Cyprus was established in 1960 as a bicommunal state, not a Greek state. The Turkish community on Cyprus has been there for half a millennium. The Turkish Army was allowed to maintain troops on the island when the Republic of Cyprus was established in 1960, as was Greece, as was Britain.

The purpose of maintaining this contingency, the contingent troop force, was the exact purpose for which she was used: Protection of the Turkish Cypriot population on the island from the Greek Cypriots. Foreign troops on Cyprus are not new, and to this day Britain has two sovereign military bases on the island.

Since 1974, no lives have been lost due to intercommunal fighting. Since 1974, the relocated Turkish Cypriots have lived without fear of death from Greek Cypriot terrorists. Consequently, Turkey is not about to withdraw such troops prior to a solution.

She will not allow the situation to revert to the pre-1974 conditions when Turkish Cypriots were treated as second-class citizens, murdered, harassed, and lived in continuous fear.

The Greek community's recent efforts to make withdrawal a precondition to negotiations are almost laughable. It is really an unrealistic demand and I feel is designed more to create a stalemate.

Why are the Greek Cypriots afraid to begin negotiations prior to a Turkish troop withdrawal from Cyprus? Why should Turkey withdraw when Southern Cyprus is arming herself with a wide range of weapons? The Greek Cypriots cannot be trusted, and history supports this viewpoint.

The recently elected Greek President of the south, Mr. Vassiliou, who was elected basically on a platform of change, has apparently not shown any change over his predecessor. And he has rejected, though I understand negotiations are going on, but he recently rejected an offer from the President of the Turkish Republic on Norwhern Cyprus, Rauf Denktash, to meet and talk.

Why have the Greek Cypriots rejected the U.N. Secretary General's proposals to begin talks under the U.N. flag? These U.N. proposals are really very general and very vague. Their main intent is just to begin a dialog. A solution is not spelled out ahead on time. It is just to sit down at a table and begin discussion.

One must question the intent of the Greek Cypriots and Greece. Perhaps, as some have suggested, it is in their economic interest to continue this crisis in perpetuity. Why should they settle when financial aid continues to pour into the Greek sector, even though the Greek Cypriot community is recognized as being relatively affluent.

The Turkish Cypriots felt, continue to feel, that they were and would be—they feel that they would be in the future victims of a very systematic effort to purge them from the island of Cyprus by their Greek brethren. And until this attitude is dispelled, it is just not—you will not see Turkish troops withdraw without any sort of strong emotional response.

The Turkish Republic of Northern Cyprus was established strictly to pressure the Greek Cypriots to the negotiation table, and the Greek Cypriots proceeded to ignore that the problem even exists.

FOREIGN AID COMMITMENTS

In this day of fiscal restraint and moral responsibility, foreign aid should be given to those who have demonstrated a need and demonstrated an ability to honor their commitments. I believe that the Republic of Turkey and the Turkish Republic of Northern Cyprus have more than made an effort to fulfill those standards.

And when one compares their actions against some of their adversaries, their accomplishments look very, very commendable.

How these two sovereign nations are treated, not only by the U.S. Congress today, but by the rest of the world, including the European Economic Community in the coming years—as you know, Turkey is trying to get admitted into the EEC—will influence greatly how Turkey will continue on her Western journey.

The Republic of Turkey has historically been at the crossroads of this century, with the demise of the Ottoman Empire, trying to Westernize, only to discover ancient enmities, finding obstacles thrown in her way every chance she gets.

There is strong feeling both in Turkey and the rest oFffthe world that the winds of Islamic fundamentalism continue to blow in that region of the world. And Turkey, despite her being a secular state, still continues to make an effort to really become part of the West, rather than the East.

And so I think, even though it may not appear that the actions of this committee or this Congress or this country have much of an effect, it does. And all I ask really is that the committee strongly consider the background information, the historical facts, in looking at a lot of these problems.

It is just not simply one factor or two. It is a very complex situation.

Thank you very much.

Senator INOUYE. Thank you very much, Mr. Suleiman. I think all of us are aware that in international conflicts it is not usually a picture of one good person and one bad person. Most people have dirty hands.

I thank you very much.

[The prepared statement of Mr. Suleiman follows:]

Statement

by

Orhan H. Suleiman

This statement is on behalf of the Turkish Cypriot community of this area, the Maryland American Turkish Association, the Turkish Cypriot Aid Society of New York, and the Assembly of Turkish American Associations.

Every year this committee is asked to review the financial committments of the United States in a foreign policy context. This is a difficult and formidable task! The relations among Turkey, Greece, Southern Cyprus, and the Turkish Republic of Northern Cyprus are all interelated and complex. Once again this committee must sift through the smoke, of which the Greek-American community is quite adept at generating, and separate the facts from the fiction.

Turkey, and Turkish Cypriots have an honorable relationship with the United States. Only in recent years has this community attempted to speak out in this country, originally intent on leaving the foreign policy experts to decide what is best for the United States vis a vis Turkey, they have been forced to counter the massive efforts of the Greek-American community. An ethnic lobby which is driven more by its ancient hatred of Turkey than is justified. Let me review some basic and extremely relevant points.

Turkey's intervention in Cyprus in 1974 on behalf of the threatened Turkish Cypriots was morally and legally correct. There is ample justification for her actions. Time simply does not permit me to delve into the necessary details, but I speak not only from general knowledge of these facts but from personal experience. My Turkish Cypriot relatives were on the defensive in Lefkara, in Gecitkale (Kophinou), and throughout the island, prior to 1974. I have relatives who relocated in 1963, were killed in 1967 many years before Turkey intervened to protect these very individuals from the Greek Cypriots on the island. You have heard these facts before so I will spare you the details. I would, however, strongly recommend Burdened by Cyprus-The British Connection by John Reddaway (K.Rustem & Bros and Weidenfeld & Nicolson LTD London 1986). This is an excellent report recently issued to the British Government and written by a foreign service employee with years of service on Cyprus. It is not ethnically motivated and objective.

The subsequent intervention of the Greek-American community, via Congress, such as the unsuccessful Arms Embargo, have really done more harm than good! The Greeks have, to this day, failed to acknowledge their past wrongs! This point should not be lost. Their attack centers on two fronts, the first is that Turkey is a disloyal ally, the second is that the Republic of Turkey "invaded" Cyprus against its will and remains intransigent to this day.

The record speaks for itself regarding which of the two NATO countries is the loyal ally (Turkey), which has harbored terrorists (Greece), and which of the two continuously "bashes" the United States for local political purposes (Greece), and which of the two countries attempts to positively respond to Western criticism- be it the cessation of poppy growth, maintenance of a strong antiterrorist policy, to maintenance of the second largest army in N.A.T.O., second only to the United States. Turkey, by her actions not her rhetoric, is definitely the more loyal of the two nations!

The second point addresses Turkey's intervention in Cyprus. Cyprus was established as a bicommunal state, NOT A GREEK STATE! The Turkish community on Cyprus has been there for half a millenium. The Turkish Army was allowed to maintain troops on the island when the Republic of Cyprus was established in 1960, as was Greece and Britain. The purpose of maintaining this contingency was for the exact purpose for which she was used. Protection of the Turkish Cypriot population on the island from the Greek Cypriots! Foreign troops on Cyprus are not new, Britain has two sovereign military bases on the island.

Since 1974 no lives have been lost due to intercommunal fighting! Since 1974 the relocated Turkish Cypriots have lived without fear of death from Greek Cypriot terrorists! Consequently Turkey is not about to withdraw such troops prior to a solution! She will not allow the situation to revert to its pre-1974 condition, when Turkish Cypriots were treated as second class citizens, murdered, harassed, and lived in fear!

The Greek community's effort to make withdrawal a precondition to negotiations is unrealistic and designed to create a stalemate. Why are the Greek Cypriots afraid to begin negotiations prior to a Turkish withdrawal from Cyprus? Why should Turkey withdraw when Southern Cyprus is arming herself with a wide range of weapons (Jane's Defense Weekly-March 12, 1988). The Greek Cypriots simply cannot be trusted! History supports this viewpoint!

Why has the recently elected Greek president of Southern Cyprus, Mr. Vasiliou, rejected an offer from the president of the Turkish Republic of Northern Cyprus, Rauf Denktas, to meet and talk? Why have the efforts by the United Nations Secretary General been rejected by the Greek Cypriot Community, but been accepted by the Turkish Cypriot community? These U.N. proposals, which are supported by the United States, are essentially for the purpose of beginning talks to reach a solution, they are not proposed solutions! Yet one must question the intent of the Greek Cypriots and Greece! Perhaps, as some have suggested, it is in their economic interest to continue this crisis in perpetuity! Why should they settle when financial aid continues to pour into the Greek sector, even though the Greek Cypriot community is considered to be relatively affluent.

Mr. Chairman, the inability of the American public, and many of its leaders to interpret the facts for what they represent, when they occur, is upsetting. The Turkish Cypriots were victims of a very systematic effort to purge them from the island of Cyprus. They still are victims of a very well funded antiTurkish effort funded by ancient enemies of their ancestors.

The Turkish Republic of Northern Cyprus was established strictly to pressure the Greek Cypriots to the negotiation table. The Greek community has responded by ignoring that the problem even exists! Until members of this committee, and others in similar positions, realistically separate the facts from the fiction, strip away the irrelevant facts and false accusations, this stalemate will continue!

In this day of fiscal restraint and moral responsibility, foreign aid should be given to those who have demonstrated a need, and demonstrated an ability to honor their committments. I believe that the Republic of Turkey and the Turkish Republic of Northern Cyprus have more than lived up to these standards. And when one compares their actions against those of their critics, their accomplishments look commendable. What they are guilty of is being Moslem in a Christian West. How these two sovereign nations are treated, not only by the United States Congress, but by the rest of the world, including the European Economic Community in the coming years will greatly influence if Turkey will continue on her Western journey. The Republic of Turkey has been at a crossroads for most of this century, trying to Westernize only to discover ancient enmities. The winds of Islamic fundamentalism are always blowing in Turkey, despite her being a secular state, and what transpires in this Congress will be but one more puff, which will eventually determine the ultimate destiny of the Turkish Ship of State.

Respectfully submitted,

Orhan H. Suleiman

Orhan H. Suleiman

NATIONAL COUNCIL FOR INTERNATIONAL HEALTH

STATEMENT OF DR. RUSSELL E. MORGAN, JR., PRESIDENT, NATIONAL COUNCIL FOR INTERNATIONAL HEALTH

HEALTH PRIORITY IN FOREIGN ASSISTANCE PROGRAM

Senator INOUYE. Our next witness is the President of the National Council for International Health, Dr. Russell Morgan, Jr. Dr. Morgan, welcome.

Dr. MORGAN. Thank you, Mr. Chairman.

On behalf of the 165 institutional members and over 2,000 individual members of the National Council for International Health, I am pleased to present our testimony. I have submitted a formal copy and I would just like to highlight the main things for this afternoon.

Mainly, our concern is that health remain as a high priority in our foreign assistance program. We are very pleased with the support from your committee in promoting health as part of that.

We particularly would like to let you know that we want to support you and your committee members in regard to the appropriations bill that will be coming up shortly. We are very encouraged that this is moving ahead and we would like to support that as much as possible.

Now, since we have testified last year, there have been a number of key accomplishments in the health sector, mainly in the child survival movement and particularly in the AIDS movement. We have been pleased with reports about 2 million children's lives being saved and the potential of doing much more.

IVARMECTON

The involvement of ivarmecton has also been brought on the scene. Your committee has helped to support that. And in terms of AIDS, we have been particularly pleased with the World Health Organization's role in taking leadership—in today's paper, the meeting in Stockholm.

But regardless of these accomplishments, it still is a major concern to us that there are still many, many problems out there, and we would like to address two major areas, problems that we think regard policy issues and problems regarding technical.

There are 10 million children dying. There are over 500,000 mothers who die of complications from birth. There are 5 to 10 million AIDS-infected individuals who over the next 5 years may increase even tenfold.

In terms of policy issues, we are concerned about the multilateral support, first the fact that, as has already been mentioned in this committee, the decline for UNICEF. And I was pleased to hear you say that you were going to be supporting an increase to the $60 million level. We would certainly encourage that.

WORLD HEALTH ORGANIZATION

Also, we are concerned about the World Health Organization. And although your committee does not oversee its appropriations directly, you do in terms of the special program initiatives such as the AIDS program. And we feel that because of the terrible importance of this issue that, although we put $30 million into this, that we really need to increase that amount to over $40 million.

And I will bring out a little later in my testimony some of the areas we think need to be promoted in that. We are concerned also that in the Africa Fund and Central America component of our foreign assistance bill health, even though it is highlighted, has not been fulfilled because of a variety of reasons, one of which appears to be the lack of sufficient health personnel in the field.

We have understood from the administration that there are not sufficient proposals coming in from Africa and that we know that there are not sufficient field staff in this area. And we have some thoughts on how to accomplish improvements in that.

But also within the AID central account, there has been a decrease this year, 1988, for $119 million; 1989, for $114 million. This decrease is going to have a major impact on our biomedical research capabilities for the various vaccines that we are looking at, as well as the overall underpinning of primary health care initiatives.

So we feel in that regard there needs to be some major changes taking place.

TECHNICAL ISSUES

Now, in terms of the technical issues, we would like to identify six major concerns. One is the child survival initiative. Much has been done over the last 4 years in promoting that. It has been a very positive impact.

We feel that child survival is not an end unto itself, that we really need to look at the total development of the child, and we also need to look at the material health issues. These are interrelated inextricably.

BIRTH SPACING

Within that regard, there are two very low cost and very important initiatives that we feel could be incorporated into our child survival program. The first is the birth spacing, which has an immediate impact; and second, the whole question of breast feeding.

Both of these are not being promoted in a major way at this point, and they could be incorporated and in fact they could be a major thrust in the voluntary organization community, because they involve behavior changes and they involve education.

AIDS ISSUE

Second, in terms of the AIDS issue, we are very concerned that money not be taken away from existing programs that have been underpinning our primary health care, as well as our biomedical research activities. But we need to use new money for that.

There is concern that some money that is being allocated is being taken away from general programs, and so we would encourage that more money be put in for the AIDS initiative, as I proposed, up to $40 million; and also that the role of other agencies, which is not being used at this point in the AIDS program, be increased, particularly in terms of the educational component, as well as in the community-based hospice and orphans program.

I have also talked briefly about the need for looking at the AID personnel. As you know, there has been this revision to allow CDC personnel as well as State, territorial, and university personnel to come into AID to help oversee some of their program initiatives.

We think that is very important, but it has been pretty much in the past limited to child survival initiatives. We feel there is a need to expand that because of the AIDS situation to incorporate a broader role, as well as in Africa, in some of the regional areas, where it is difficult to find personnel to serve and develop program proposals in these countries.

And also, within that we think that there is an inequity within the structural management of AID in terms of the role of women in senior policymaking and management positions, and we would encourage there be initiatives taken in that step.

AFGHAN REFUGEES

The fourth area, with the recent negotiations in Afghanistan we are keenly aware that the 4 million refugees are going to be migrating and there need to be provisions made.

Recently, there have been task forces going to Afghanistan to talk about the rehabilitation of the health programs. We would certainly encourage support in that area.

We also, however, would encourage it to be focused on the poorest of the poor and on preventive health measures.

WATER AND SANITATION SITUATION

And finally, let me just say that we are concerned about the water and sanitation situation, that there is a movement to continue the decade beyond the 1980's, into the 1990's, and that we would encourage strong U.S. participation in that decade.

Water and sanitation have been a fundamental underpinning of the growth of public health in this country as well as other parts of the world. And although it is expensive, the long-lasting impact of that is significant in improving and reducing infant mortality.

U.S. ROLE IN INTERNATIONAL HEALTH

Finally, let me just say that we think that the United States has a very important role to play in leadership in international health. We have seen it in the past. We have seen it in the eradication of smallpox. We see it today with the head of our CDC program being involved in the program for AIDS.

We think that there is enormous progress being made, and the people in the United States see the benefits accruing from these types of investments. So we have made some recommendations in terms of how we hope your Committee would support a continuing thrust within the foreign assistance program for health.

And I appreciate your time in listening to these comments.

[The prepared statement of Dr. Morgan follows:]

NCIH

National Council for International Health

Dr. Russell E. Morgan, Jr.
President

Chairman Inouye, Subcommittee members, thank you for the opportunity to present testimony today on behalf of the National Council for International Health (NCIH). My name is Russell Morgan and I am the President of NCIH.

NCIH is a private, non-profit organization which has, since its establishment in 1971, worked to provide leadership and to strengthen the United States response to international health needs, especially in developing countries. NCIH provides a non-partisan forum for information exchange among its 165 institutional members and its 2,100 individual members, and in this way is unique in its ability to act as a bridge for cooperation between the public and private sectors. As the largest international health association in the United States, NCIH works to improve policies and to increase public awareness of the critical need for basic health care in developing nations.

Access to health is the most fundamental of human rights. Yet it is denied to much of the world's population where inadequate health conditions cause untimely death: people die too soon as children or they live less long as adults. Because so much of the world does not enjoy the right to health, the promise of other rights is unfulfilled. The right to political self-determination, the right to achieve social and creative potential, the right to achieve economic self-sufficiency -- all depend on an assumption of a basic level of health.

The Immediate Priority

We have therefore been very pleased with the strong leadership and commitment shown by your subcommittee in supporting international health as a program area which must be emphasized as a priority in our country's foreign assistance efforts.

Mr. Chairman, we expect that the Foreign Operations Appropriations bill will be coming on the Senate Floor in the next few months. The most important point I want to make today is that our members want to work with you to assure its passage. Under your leadership, we see this legislation being in the best interest of our country.

A Year of Achievements

Since presenting our testimony to you last year, much has been accomplished through our government's international health initiatives.

Important steps have been taken in the area of Child Survival. The promotion of immunization and oral rehydration therapy is now saving the lives of approximately 2 million children a year. A key and growing resource in helping achieve these goals is the U.S. private and voluntary organization community. UNICEF estimates that it may now be possible to reach the goal of immunizing 70% of all the world's children by 1990. Progress is being made in reducing dehydration caused by diarrhoeal diseases through the expanded use of Oral Rehydration Therapy (ORT). Both ORT and immunization have received accelerated emphasis through the Child Survival

Fund, which your subcommittee helped develop in 1985. Since then, the U.S. government has committed nearly $500 million in 52 countries toward these new initiatives. As special recognition of Africa's progress in Child Survival, NCIH selected Zimbabwe as the recipient of its 1988 Child Survival Country Award.

Similarly, the United States has taken a major leadership role in working with the World Health Organization and its member countries, in addressing the global AIDS problem. As the Agency for International Development (A.I.D.) reported recently to Congress, the United States has been a major contributor to the global AIDS initiative, both financially and technically. By working closely with the World Health Organization, the U.S. is maximizing its use of resources, and getting to better understand the nature of AIDS and how it will effect other countries and the United States. Again it was through your subcommittee's support that the AIDS Prevention and Control Fund was established.

The bright side of the picture is that these activities represent a record of accomplishment of which A.I.D., this subcommittee, and the American people should be proud.

POLICY ISSUES

In the midst of these successes; however, we are confronted with statistics which bring back the magnitude and challenge of health problems in the developing world and their relationship to global economic and political adjustments. More than 10 million children and over 500,000 women still die each year from complications during pregnancy and childbirth which could be prevented. It is now estimated that there are 5-10 million persons infected with the AIDS virus, and this level may increase ten fold over the next five years.

States maintain its leadership role in international health, even during these times of fiscal austerity and international economic adjustments. Several budgetary trends have emerged recently with regard to our miltilateral and bilateral committments. We are concerned that if these funding cuts continue, they will undermine our country's leadership role in international health.

UNICEF and WHO

In our multilateral programs there is a proposal to cut our voluntary contribution to UNICEF from nearly $55 million in 1988 to a request of only $32 million for FY 1989. Similarly, the United States over the past four years has not met its treaty obligation to pay its full dues to the World Health Organization. Today, for WHO, we are $27.8 million in arrears and for the Pan American Health Organization (PAHO), we are $26.1 million in arrears.

We hope your committee, Mr. Chairman, will take the necessary action to revise these trends. First, we recommend the funding for UNICEF in FY 89 be increased to $60 million. Second, although your subcommittee does not allocate funds for the World Health Organization, you do oversee the extra budgetary contributions to programs in the areas of AIDS and Tropical

Disease Research. We urge you to maintain these programs at adequate levels. The benefits to the United States from these programs far outweigh the costs of these investments.

Africa and Central America

We have similar concerns about some of our country's bi-lateral initiatives. Health spending in Africa has been cut from nearly $37 million in 1987 to a projected $25 million in FY 88. This comes at a time when health problems, particularly infant and maternal mortality and AIDS, are at the highest levels, and African resources are being stretched to the maximum. Congress has recognized the critical nature of this fragile continent. It is of concern to us that the Development Fund for Africa live up.to the spirit of its original intent. We recommend that the targets for health and voluntary family planning set out by your subcommittee last year (the equivalent of 10% for health and 10% for voluntary family planning) will be established as earmarks for FY 1989.

In the Central American region we note there are proposed reductions in our bilateral Child Survival program from $25 million in 1987 to less than $20 million in 1988. Major efforts by UNICEF, the Pan American Health Organization (PAHO), and U.S. PVOs have resulted in many new health initiatines for this troubled area. The link between better health and political stability cannot be over-emphasized; the investments in the health of the Central American people can only enhance our own national security. We therefore recommend maintaining the health and child survival support in this region at its previous levels.

A.I.D. HEALTH ACCOUNT

Over the past four years there has been a continuous decline in funding for the AID health account, even though there has been the establishment of the Child Survival Fund and the AIDS Prevention and Control Fund. In 1987, for example, $166 million was appropriated for health, and $75 million for Child Survival, for a total fo $243 million. But, in fact, $6 million of the AID health account was not spent, reducing the total to $235 million. In 1988, the appropriations were: Health - $119 million, Child Survival - $80 million, and AIDS $30 million. This makes a total of $229 million, another decrease of $6 million.

We are concerned that this trend will continue, and result in undermining the progress which we have made in biomedical research, and basic primary health care initiatives which underpin our overall health programs. We therefore recommend for FY 1989 that the A.I.D. health account be adjusted back to its $160 million level.

TECHNICAL ISSUES

There are several technical areas in our nations's international health activities which I would like to focus on, in an effort to provide your committee with additional insights for increasing the impact and sustainability of these programs.

Child Survival - Birth Spacing and Breastfeeding

The Child Survival initiative has made enormous headway over the past few years. Yet the major emphasis has been placed on implementing the

technological advances associated with immunization and oral rehydration therapy. These have been important cutting edge issues.

As we approach the 1990's, our agenda must broaden and emphasize a more prevention oriented approach. Child Survival is not an end to itself. We must also look at the health consequenses during early childhood development if we are really concerned about the future of developing country societies. In addition, the health of women must be integrated into our strategy. Two important, no-cost, natural interventions which should now be more heavily emphasized in our Child Survival initiative are: Birth Spacing and Breastfeeding.

An infant born less that two years after a previous birth is twice as likely to die than one who is born after an adequate period. Proper spacing could yield a 20 percent decrease in infant mortality, and a naturally lower fertility rate. Similarly, breastfeeding not only provides the child with natural nutritional and immunological benefits, but is also has child spacing properties.

We feel that the health of each child is undeniably linked to the health of the mother, and mothers should be integrated into our strategy. Breastfeeding not only benefits the child, but it is now reported that it can reduce the risk of breast cancer by up to half compared to bottle feeding. In addition, common sense tells us that the spacing of births allows the replentishment of essential nutrients in the mother that are depleated during pregnancy, and it also has a marked effect on the reduction of maternal mortality.

We therefore recommend that your subcommittee expand the interpretation of the Child Survival report language to incorporate the two strategies of breastfeeding and birth spacing. Not only are they effective, natural, and low cost, but they will also help the international health, population and nutrition communities to develop closer working relationships. In addition, the PVO community can play a very effective role in promoting these strategies at the field level.

AIDS - Clarified Mandate

We are very pleased with the leadership role which the subcommittee has played in establishing the AIDS Prevention and Control Fund. The $30 million which is being requested for FY 89 will represent a major international commitment. We consider AIDS to be an international health threat, but we do not want health, population, and nutrition funds, which have consistently suffered cuts for the past three years, to be used for the AIDS program. I would like to emphasize this by sighting a resolution passed by the NCIH Governing Board in January 1988 on behalf of all our members. It was resolved that:

> "efforts to deal with the new AIDS epidemic (should) in no way reduce or transfer resources from other areas of U.S. Government accounts dealing with long-standing problems of international health."

We also note the limited involvement of the U.S. PVO community in implementing the AIDS Prevention and Control Strategy. The PVOs have a special ability to function effectively in two major areas: (1) Public and personal education regarding the prevention and control of AIDS, including the distribution of condoms; and (2) establishment of community-based hospice programs for the victims, and orphans programs for the victims' children. These latter functions might be particularly suited to the special skills of the religious based PVOs.

We recommend that your committee encourage our government to work with the PVO community, and support their work in the AIDS Prevention and Control program. We further recommend that given the magnitude of the AIDS epidemic globally, and the highly effective and efficient coordination role being played by the World Health Organization, that our government increase its commitment to the international AIDS effort by increasing our contribution to $40 million.

A.I.D. - Health Personnel Levels

We were particularly pleased when this committee approved the use of Centers for Disease Control (CDC) personnel, and more recently state, territorial, and university staff to augment A.I.D. personnel in implementing the Child Survival Strategy.

We continue, however, to have two concerns in this area. First, we feel it is important that any of these "loaned" personnel should be encouraged to commit themeselves for a minimum of 2 years. Any shorter time frame will result in a lack of program continuity, and a frustration among A.I.D. personnel that programs are not being managed effectively.

Secondly, we believe the need for additional health personnel goes beyond that required for child survival. In order for A.I.D. to meet its international health mandate, it will require additional personnel at both the headquarters and at the regional/country levels. The AIDS Prevention and Control Program exemplifies this by having only one full-time professional staff member, loaned from CDC, to coordinate the Agency's activities. Similarly, there is a need to have central staff to coordinate the vaccine development and blood screening initiatives. At the country level, particularly in Africa, we understand that missions are not receiving health sector and child survival requests from the field, and therefore the request for future funding may be reduced. We believe one of the reasons why more health proposals are not being generated in Africa is because many of the A.I.D. missions lack full-time health personnel on their staff.

In response to this situation we recommend that your subcommittee consider extending the provision of A.I.D. using CDC and other agency health personnel so that adequate staff support can be maintained at both the country level and in Washington. We also recommend that in implementing this provision women be elevated to senior positions so that this structural inequity in the international health field can be corrected in the near future.

Afghanistan

All of us have been pleased with the outcome of the recent negotions to establish peace in Afghanistan. Recognizing the terrible impact which this nine year war has had on the country's infrastructure, and the poor health status of the four million refugees who will be re-entering the country, we are deeply concerned about the ability of Afghanistan to meet these impending health needs. Certainly, if the country is to resume its functions effectively, health issues will need to be addressed immediately.

We therefore urge your subcommittee to request our government to work with the government of Afghanistan in determining the extent of resources required to reconstruct their health care system, and how best the U.S. can assist. Again, we would recommend priority be given to establishing basic preventive strategies focused on the health needs of the poorest populations.

Water Supply and Sanitation

Another essential element in public health is safe drinking water and sanitation. Unfortunately, we live on a planet in which more than one billion people are without safe water supplies and over twice that number lack even a sanitary latrine. WHO estimates that 30,000 children die every day from the effects of polluted water and an unsanitary environment. In 1980, the United Nations launched the International Drinking Water Supply and Sanitation Decade with the objective of providing safe drinking water and adequate sanitation to every person on earth by 1990. To date, the Water Decade has resulted in significant increases in water and sanitation services in the developing world, but, more importantly, it has awakened development institutions and national governments to the need for coordinated actions in planning and implementing effective water and sanitation programs. Proposals are now being formulated within the international development community by WHO, UNDP, and the World Bank to continue these new collaborative efforts between countries by extending the Water Decade to the end of the century. This new decade will build upon the successes and lessons learned in the first ten years and will provide increased opportunities for major donor countries, such as the United States, to work together on water and sanitation programs of mutual interest. We call upon Congress to urge A.I.D. to play a vigorous role in the establishment of the new Decade and to fully participate in collaborative Decade efforts to assist countries to help themselves to expand their water and sanitation services.

CONCLUSION

In summary, we believe the need for U.S. government leadership in international health has never been greater. Enormous progress has been made in establishing a solid base on which we can build our future initiatives. International health programs save lives and build a better world; they have enormous public sympathy and appeal. The American people can see this progress, as well as recognize the benefits which our own country receives from these efforts.

Recognizing this potential, and yet respecting the fiscal constraints of our current economic environment, we recommend the following levels of funding for FY 1989.

Health	$160 million
Population	198 million
Child Survival Fund	90 million
AIDS Prevention & Control	40 million
Development Fund for Africa	
• Health	50 million
• Family Planning	50 million

In conclusion, Mr. Chairman, we again want to state the commitment of our members that our immediate priority is to work with you in assuring that the Foreign Operations appropriations bill is approved by the Senate. We believe with your leadership the international health component of our foreign assistance program will maintain the strong support and guidance which the American people believe it deserves.

Thank you.

FUNDING FOR INTERNATIONAL PROGRAMS

Senator Inouye. Well, you have been very helpful.

I would like to give you a bit more information. On your Child Survival Fund, we will be recommending $100 million. So that is 10 more than you have suggested to us.

On the development fund for Africa, I think you would be pleased with what we will be recommending also. AID funding will be at the level that you have suggested, $40 million. Last fiscal year, as you know, it was $30 million, and we are going to increase that by $10 million.

And the World Health Organization will get a little over half of that. So it should be doing all right.

Dr. Morgan. Let me say one other thing. I will be going to Japan next week because Japan, as you know, is becoming a bigger actor in the foreign assistance program. And there is an interest in Japan in taking health as one of its major foreign assistance program activities.

One of the areas that we have been looking at and considering is the whole question of vaccine development, and it is possible, I would think, that, as we know in our country, the companies have been rather reluctant to get into that area because of various reasons. But this indeed might be a future opportunity for the United States and Japan to collaborate on in terms of the world health initiative.

I would hope that there might be some opportunity for you and members of your committee to discuss this with your colleagues in Japan.

Senator Inouye. I thank you very much.

Dr. Morgan. Thank you.

NATIONAL COUNCIL OF RETURNED PEACE CORPS VOLUNTEERS

STATEMENT OF TIMOTHY CARROLL, EXECUTIVE DIRECTOR, NATIONAL COUNCIL OF RETURNED PEACE CORPS VOLUNTEERS

DEVELOPMENT EDUCATION

Senator INOUYE. Our next witness is Executive Director of the National Council of Returned Peace Corps Volunteers, Mr. Timothy Carroll. Welcome, sir.

Mr. CARROLL. Mr. Chairman, it is my pleasant burden to be the head of the 140,000 Americans who served in 94 countries in the last 27 years. And I say "pleasant burden" because there is probably—there is a story that with any five Peace Corps volunteers in a room, there will be at least eight opinions.

And there are only about two things we can get them to agree on, even today. One is this task of development education, a third goal of the Peace Corps as it was written in 1981, which is to promote a greater understanding on the part of Americans of other peoples.

The single problem that volunteers report coming back from the 2 years abroad is that nobody in the United States is interested in what happened to them while they were abroad.

So with 60 affiliated groups across the country, we have developed a speakers bureau and an opportunity for returned volunteers to talk about their experiences in schools with church groups, civic organizations, and to share with Americans right across the country what the set of interdependencies is in the world today.

STRENGTHENING OF PEACE CORPS

The second thing that we are involved in is strengthening the Peace Corps itself. And as my testimony suggests, the recent legislative mandate that the Congress has set of 10,000 volunteers in the field by 1990 is well on its way. Mrs. Ruppe has done a terrific job, we think, of bringing it along.

And so the $157 million that is needed in next year's budget is something we would heartily endorse.

In the development education arena, we do continue to bring to America's attention the work that returned volunteers have done.

I brought along today to show you the Sargent Shriver Award for Humanitarian Service, which we award to an outstanding volunteer who has best exemplified in their life after they get back to the United States some Peace Corps principles in improving their communities wherever they have settled.

This year we will be initiating the Ruppe Award, which will go to the best of our groups in the work they do in development education in their communities.

The subcommittee has been helpful in bringing along the money that the Peace Corps has needed, and we would simply like to encourage you to continue to do that.

Senator INOUYE. We intend to continue your support, sir.

I thank you very much. Please assure Mrs. Ruppe that we will continue to support her activities.

[The prepared statement of Mr. Carroll follows:]

NATIONAL COUNCIL OF
RETURNED PEACE CORPS VOLUNTEERS

TESTIMONY OF TIMOTHY CARROLL
EXECUTIVE DIRECTOR
NATIONAL COUNCIL OF RETURNED PEACE CORPS VOLUNTEERS

Mr. Chairman: My name is Timothy Carroll. I am the Executive Director of the National Council of Returned Peace Corps Volunteers, a national organization representing former volunteers and staff who have served in 94 countries over the past 27 years. When President Kennedy launched the Peace Corps the program was heralded as a bold new experiment, a radical departure from any previous overseas initiative undertaken by the U.S. government. Indeed, Bill Moyers, who served as the first Deputy Director of the Peace Corps has said that" the great virtue of the Peace Corps was that it was created by the government but not for the government. It was a remarkable manifestation of a spirit in this country too particular and too personal to be contained by a bureaucratic organization. It truly is not like anything else." Nor are the veterans who have worked in those 94 countries.

The service alumni of the Peace Corps continue to feel strongly about their experience. They represent the only non-military population of any size who have learned about the world outside the United States on a first-hand basis. Their perspective is unique because it grew out of service and caring and learning the languages of hundreds of cultural groups around the world. And not as government officials, but as Americans, demonstrating that neighborhoods are not related to geography and that sitting down to solve mutual community problems is a short-cut to understanding.

It was Lyndon Johnson who warned Shriver to keep the Peace Corps separate and definitely out of the Foreign Service. "They'll put striped pants on your people when all you want them to have is a knapsack and a tool kit and a lot of imagination."

The present director, Loret Miller Ruppe, has clearly understood the need for the Peace Corps to be separate and apart, with a life and identity of its own. She has run the organization this past seven years as a true fighter for peace. She has brought the Peace Corps to its present position of renewed strength and she has done so in the model first conceived by President Kennedy and the first Director of the Peace Corps, Sargent Shriver. She has accomplished what all Peace Corps Volunteers themselves hope to achieve: to make a difference. And she has accomplished much of this because of the long history of cooperation and support of members of this Subcommittee. So it is a distinct pleasure for me to be here today.

The National Council of Returned Peace Corps Volunteers is the Peace Corps spirit embodied in a new form. We have been created to keep the experience alive, the commitment relevant and the voice of the Returned Peace Corps Volunteer strong. We are working toward the fulfillment of the previously neglected Third Goal of the Peace Corps Act of 1961: to promote a greater understanding on the part of Americans of other peoples.

Our present network includes over 60 affiliated local groups of Returned Peace Corps organizations, established along geographic, country-of-service and issue-oriented lines. They all come under the umbrella design of the National Council to utilize the benefits of a collective movement and to promote, in some fashion, Development Education programs in their cities and states across the country.

We have a full time Development Education specialist who is working with the Returned Peace Corps Volunteers groups. Our motto, "Bringing the World Back Home", has translated to dozens of different programs initiated at the grassroots level. Returned Peace Corps Volunteers support Ashoka Fellows in India; Indonesia and Brazil; present seminars on Third World issues in cities across the country through the Speakers Bureau; fund Peace Corps Partnership programs; sponsor the Annual Conference, a national focal point for all RPCVs with panels, workshops and seminars relating to development assistance, this year at the University of Colorado, Boulder; and support local activities such as the High School Global Awareness Program and Third World Film Festivals.

Each year we present an award honoring that Returned Peace Corps Volunteer who has best continued to use the principles of the Peace Corps in his or her career after their period of service has finished. It is named after the first director of the Peace Corps. The Sargent Shriver Award for Humanitarian Service is displayed in front of me. This year there are over 30 nominees, each one uniquely qualified and each a Returned Peace Corps Volunteer who is helping their community achieve some previously unaccomplished goal. It is this commitment to service that the National Council wishes to honor and the Shriver Award helps keep outstanding examples of Returned Peace Corps Volunteers before us.

We intend to be increasingly active in translating our Peace Corps experience into new programs and approaches to education which will expand the international thinking of our fellow citizenry. This month we published the first edition of WORLDVIEW magazine for our members and other Americans who seek fresh prespectives on development assistance and the Third World.

At the very heart of the National Council is this commitment to educating our fellow Americans, to share our global insights, to give back to this country what we learned as Peace Corps Volunteers overseas. We belive that former volunteers have been too long an untapped source for informed and critical appraisal of U.S. relations with the Third World. We believe that we can be of value to the Congress and to the American people. My sincere hope is that with this testimony today, the National Council will begin a continuing dialogue with this Subcommittee and Members of Congress about Peace Corps and the direction of U.S. development assistance in general.

Also central to the goals of the National Council is a strong Peace Corps in the field. Our continued support of "the toughest job you'll ever love", a slogan that hit home because of its basic truth, brings us to the Hill today. We believe that the Peace Corps is the United States' most cost-effective foreign aid program on line at this time and we are firmly committed to see it strengthened in the years to come.

That is why we are pleased to come before the Subcommittee and to express our support for the Peace Corps and in particular for a FY 1989 budget of $157 million.

This level of funding is necessary for Peace Corps to take the next step forward toward meeting the Congessionally mandated goal of 10,000 volunteers working in the developing world by 1990. A budget of $157 million will also enable Peace Corps to build upon effective existing programs, and take additional initiatives important to serving the needs of the developing countries in which they are already at work.

Moreover, Peace Corps will be able once again to satisfy more of the host-country requests for volunteers. Over the past twenty-two years, the number of Peace Corps Volunteers has steadily dwindled, down from 16,000 in 1966 to a present level of about 5,500. Peace Corps Volunteers currently serve in only two countries on the South American continent. Peace Corps is no longer in some of the largest and most important developing countries, India, Nigeria and Brazil among them.

The reasons behind this reduction in countries served are varied, ranging from civil war and revolution to budget limitations and political misunderstandings. But whatever the reasons, it is clear that the goals of pioneering new approaches to development and better understanding between people of the developing nations and Americans are not well served by sparse representation in some regions and outright exclusion from major developing nations. The recent announcement of Peace Corps' proposed entry into China demonstrates that the need for American know-how and good-will still exists.

The continuing cuts in foreign aid means proven successes like Peace Corps are even more important and should be strengthened. Foreign policy experts have begun to recognize the growing role of Third World countries in the international economy. Americans, in general, are more aware of their importance to international security and stability. Peace Corps with its grassroots approach to addressing underlying problems should play a vital role in establishing the links of communication and friendship to these nations grappling with change.

Of course, expansion anywhere must proceed with careful attention to program quality, availability of qualified recruits, specific needs of specific countries, countries ability to absorb Peace Corps Volunteers, safety of volunteers, and sensitive planning for volunteer placement. If increased numbers of quality volunteers are to be fielded these needs must be addressed and with adequate lead time. Clearly with sufficient funding and the appropriate in-house groundwork, the Peace Corps can and should play a substantially larger role in America's relations with the whole of the developing world.

Reaching the legislatively-mandated goal of 10,000 volunteers is, of course, the most important reason for ensuring that Peace Corps receives the $157 million it needs. Peace Corps has already initiated several programs that could benefit greatly from the the FY budget figures we are urging you to consider. The African Food Systems Initiative, the Women in Development program and Small Enterprise Development are examples of new programming in the field which will keep the U.S. leaders of serious and sensitive development work.

Peace Corps has also begun new programs at home which, for the first time, attempt to fulfill the Third Goal of the original Peace Corps design. This has led Peace Corps to expand its effort regarding development education here in the United States. Peace Corps now has a full time Education Development staff person and is working with the National Council of Returned Peace Corps Volunteers to help educate our fellow citizens about developing countries from our unique person-to-person perspective.

We believe these efforts are vitally important and that Peace Corps should continue and expand its programs for fulfilling the Third Goal. Of course, the efforts will require resources, money and personnel. Yet, we are convinced, and I believe many Members of Congress who deal with foreign aid would agree, that the American public is desperately in need of a more informed and literate understanding of its world neighbors. Peace Corps and the National Council of Returned Peace Corps Volunteers, working together with sufficient resources, can help achieve that understanding.

The Peace Corps Alumni are returning to America at the beginning of their careers. One hundred and twenty thousand who have partaken of the "bold experiment" have returned to their communities, farms, board rooms and businesses across America. Our concerted voices will remain strong and our experience in the developing world will remain important resources for determining humane policies in matters of development assistance. We intend to support all thoughtful legislation which addresses our grave concerns about the countries we have served. Keeping the Peace Corps strong is an excellent first step with which to begin.

In closing I would like to thank Chairman Inouye and the other Members of the Subcommittee who have been such steady and dependable supporters of Peace Corps over the years. Your support has brought Peace Corps through the tough times and has helped ensure its continuation as America's most cost-effective foreign aid program.

I look forward to working with you in the future and thank you for this opportunity to share our views with your Subcommittee.

American Public Health Association

STATEMENT OF F. CURTISS SWEZY, CHAIRPERSON, LEGISLATIVE AFFAIRS COMMITTEE, INTERNATIONAL HEALTH SECTION, AMERICAN PUBLIC HEALTH ASSOCIATION

INTERNATIONAL HEALTH CONCERNS

Senator Inouye. Our next witness is Dr. Curtis Swezy, Chairperson of the Legislative Affairs Committee of the International Health Section, American Public Health Association.

Mr. Swezy. Thank you again for having us here from APHA. We are always pleased to appear to this committee and share whatever little insight that we may have on the subject.

We are particularly interested today to acknowledge the support that this committee has given to the various accounts of the Agency for

International Development as they relate to international health, and express our appreciation for that and our encouragement that you keep it up.

CHILD SURVIVAL PROGRAMS

And we are talking obviously about the health account, the POP account, vitamin A, which is squirreled over in the agricultural and rural development account, and, as has been said by a number of speakers, the child survival.

Your figure of $100 million that you just mentioned is the first time that I have heard that number, and we are delighted and congratulate you for the leadership that you have shown in supporting those initiatives.

I feel a lot of what we have to say is redundant to what speakers before have indicated. But as Dr. Morgan stated, these various activities in terms of child survival and health are all interrelated.

And so in fact, if an immunization program is effective and children live, men and women are encouraged to use contraceptives and to space their families, which in turn leads to higher child survival.

It has also been our observation that this has promoted some interagency cooperation. And again using CCCD, a child survival project which is headquartered in CDC, as an example, there is a project going on now between AID and the Peace Corps involving child survival programs, particularly in West Africa.

And as an individual, it is an activity that I am particularly pleased with because my daughter is now serving in the Peace Corps as a health educator in the CCCD project there.

USE OF PVO'S

As our colleague Charles Johnston from CARE indicated, the PVO's have also shared very significantly in AID's health activities.

And the figures that we have put together show that for all the PVO's that are registered with AID, they are currently generating $2 from the private sector for every $1 that AID is putting in, which then means that they have been effective in stimulating the private sector to help fulfil some of the U.S. foreign policy objectives.

I am just back from an assignment in Nepal, where I served on a team to evaluate one particular PVO's nutrition program. And this is a program that does the teaching of basic crops, particularly for vitamins, has a broad-scale immunization program, and is teaching ORT.

And I am here to tell you in the first person, there are children alive in Nepal today as a direct result of that program, and we feel that the funds that have gone to the AID channel, in this case into the PVO community, are very well spent and are an expression of the finest ideals that the United States has always professed to.

AID HEALTH ACCOUNT

We do feel that we have recognized one particular problem, and it is one that we wanted to call to your attention, and it is the issue of reducing AID's health account.

And in our observation, AID now suffers from the double deprivation of having reduced the health account and in addition earmarked $30 million to go into the AIDS fight. Now, we certainly endorse the idea of earmarking funds in the AIDS program.

And in fact, we feel that Dr. Morgan's estimate for next year of $40 million is a bit conservative. The number that we have come up with is $45 million. We think the 50–50 split between WHO and AID is perfectly appropriate.

But the problem is in identifying that new disease, AIDS, and earmarking the $30 million, the $30 million has come out of the AID health account, and it has come out of a reduced AID health account.

So that there are a number of new activities that are not being done now because of the double deprivation that the AID health account has endured in this last year. What we would like to urge upon you is that you establish a separate funding account for AIDS.

And as I say, our suggestion for next year would be an initial funding of $45 million, and simultaneously restore what is labeled the AID health account to comparable fiscal year 1987 levels.

AID HEALTH ACCOUNT FUNDING

We would further like to recommend that you consider, when they deal with the divvying up of the supplemental—and we realize that that is always a dynamic period—that you consider putting some more money into the AID health account, again to help them take on some of these activities that are not getting done now, and also putting some money into the AIDS portion of the current fiscal year, because that program in AID has taken off so rapidly that they in fact now have legitimate requests on their desks that they cannot deal with with their half of the $30 million, the $15 million that they currently have, in the present fiscal year.

And if you have any questions, I would be happy to try to discuss any of these ideas with you further.

[The prepared statement of Mr. Swezy follows:]

Statement of

F. Curtiss Swezy, DrPH
Chairperson, Legislative Affairs Committee of the International Health Section

On behalf of

The American Public Health Association

On behalf of the American Public Health Association (APHA), I want to thank you for inviting us to once again testify before this subcommittee. We are always pleased to participate and share with you what insight we have on issues related to public health and, in this instance, the problems of promoting a minimum acceptable standard of health and well being in developing countries. We are here today to acknowledge the good job that the Agency for International Development (A.I.D.) has done in improving the status of health in some of the poorest countries in the world, and to urge you to continue to support them with sufficient funding for continuing and expanding this role.

The APHA is a nationwide professional health association with over 55,000 national and affiliate members dedicated to improving the status of health in the U.S. and around the world. APHA's common professional interests with A.I.D. requires regular interaction with the Washington and overseas staff of the agency and places us in a position to know their work well.

The program areas we are specifically interested in are international health, including efforts to contain the AIDS epidemic, population, including voluntary participation in contraceptive programs by an informed pubic, and nutrition, including vitamin A in the Agriculture and Rural Development Account.

A.I.D. has helped support primary health care programs in dozens of countries around the world. We firmly believe that you cannot have economic development without the population being basically healthy. A.I.D. has been involved in many dramatic programs helping to fight sexually transmitted diseases in the Caribbean, malaria in Southeast Asia, and trypanosomiasis in Africas.

Less dramatic, but perhaps more important, A.I.D. has assisted host governments with the slow and difficult development of national health systems that can deal with their country's health problems and lead to self-reliance in this area. The Republic of Korea comes to mind as a country that has "graduated" from A.I.D. support and is now beginning to provide health assistance to other countries on the Pacific rim. This long-term institution building generally does not get headlines, but is essential for raising the status of heath in newly emerging nations.

We are all familiar with the scorge of the HIV virus in such continents as Africa. A.I.D. has mounted an effective campaign to assist governments around the world to slow the spread of this fatal disease. Working with two private sector organizations, A.I.D. has already offered consultant services to over 20 countries in Africa, Latin America, and Asia. Frankly, to many of us sitting on the sidelines watching, A.I.D. has launched this effort far more quickly than we anticipated. Unfortunately, because the program expanded so rapidly the funding provided for the current fiscal year has not been adequate to respond to all the legitimate requests that A.I.D. has received. We advise this subcommittee to provide a significant increase for the fight against AIDS.

The 50-50 split of funds between WHO and A.I.D. for AIDS is appropriate and should be continued. This permits WHO to take the lead in the fight against this lethal and politically sensitive disease while demonstrating that the U.S. substantively supports the community of nations in the fight against this disease.

A downside to the substantial support for combating AIDS is that the funds for the current fiscal year came out of the A.I.D. Health Account, thus diminishing the effectiveness of other A.I.D. health activities. The Health Account suffered the double deprivation of being reduced for the current fiscal year and being drained of the $30 million that went to AIDS. This has seriously hampered the efforts of the bilateral program to respond to basic health needs in developing countries around the world. It is these bilateral funds that provide U.S. Missions the most flexibility and leverage in implementing U.S. foreign policy.

AIDS is a new disease requiring a separate assault. To make AIDS compete with A.I.D.'s ongoing health programs does justice to neither. We strongly urge this subcommittee to establish a separate funding stream for AIDS, and to restore funding for the A.I.D. Health Account to a level commensurate with FY 87.

We at APHA were also disappointed that funds for population programs are scaled back in the current fiscal year. If contraceptives are not readily available to all who want to limit their fertility, the gains in development across the spectrum of economic and social development can be wiped out. In country after country where the demographic transition has precipitated a spurt in population growth there has been an observable decline in social stability. A great deal has been said recently about protecting the security of the United States. Every responsible citizen is concerned about this issue. However, often overlooked in the debate is the fact that unbridled population growth is one of the most destablizing forces in the world today. We only have to look at Sri Lanka as the current example. But, clearly population growth has been a destablizing factor in the People's Republic of China, the Philippines, El Salvador and many other countries attempting to emerge form technical retardation and low standards of living. As specialists in preventive health, we at APHA believe in the old adage that "an ounce of prevention is worth a pound of cure." This includes support of family planning programs around the world. Dollar for dollar we firmly believe this is the best investment our government is currently making to ensure the peace and stability of present borders and future generations. We urge you to restore and increase funding for A.I.D.'s population programs.

Another successful A.I.D. development thrust is the Child Survival program. An initiative of the Congress, A.I.D. has satisfactorily implemented this project which has saved the lives of thousands of infants in some of the poorest nations in the world through the mechanisms of immunization, ORT, and child spacing. Administratively, the program now includes A.I.D., CDC and the Peace Corps in a fine example of inter-agency cooperation. APHA applauds your support of this program and urges you to continue and increase funding.

Another impact A.I.D. has closer to home and which sometimes goes unrecognized is the institution building of U.S. private and voluntary agencies (PVOs) participating in international health. Particularly within the Child Survival program, A.I.D. strengthened the technical expertise and management capacity of U.S. PVOs. And A.I.D. has been successful in leveraging additional funds targeted at achieving U.S. policy objectives. Of all the PVOs registered with A.I.D., private expenditures outweight government funds by a ratio of two to one.

In conclusion, we at APHA laud your continuing support of A.I.D.'s international health and population programs. We recognize that these efforts do not always command the attention of a broad or vocal constituency and commend your continuing interest and support of these programs.

We do recommend that you give serious consideration to establishing a separate funding stream for the new disease AIDS and restore the Health Account to former levels in order to maintain the momentum developed in ongoing programs.

Finally, APHA recognizes that this subcommittee does not have jurisdiction over World Health Organization/Pan American Health Organization activities. We would appreciate any assistance that this subcommittee can give to ensure that these organizations are funded at the full assessed amount. Thank you for your attention. I will be happy to answer any questions you may have.

FUNDING FOR CHILD SURVIVAL ACTIVITIES

Senator INOUYE. I think I should first clarify. We will be recommending $100 million for child survival activities.

Mr. SWEZY. You said that and that is a very delightful thing for us to hear.

Senator INOUYE. The child survival fund will be $71 million and $29 million will be in the African fund, so a total of 100.

Mr. SWEZY. Would the $21 million be earmarked specifically for health or would it just be part of the general African development account?

Senator INOUYE. That will be for health.

Mr. SWEZY. All right. That would go a long way to restore some of the dips that have occurred in those very important health activities. And of course, Africa is a key continent for some of these health problems.

PREVENTATIVE MEDICINE

Senator INOUYE. Most of the health accounts call for curative medicine. Are we doing much in the preventative medicine area?

Mr. SWEZY. Yes, a great deal. As one example, the vitamin A, the $8 million that is in the ag and rural development, that is strictly a preventive account.

About 2 years ago, they did some dramatic research in Indonesia and they found that, in addition to the blindness that vitamin A deficiency causes, it also is a key factor in morbidity and mortality of infants, far beyond anything that anyone anticipated at the time.

All of this vitamin A goes to prevention.

The child survival funds that are going particularly to immunization and ORT are also preventive measures. Essentially, the entire population account is also preventive medicine. It prevents the psychological trauma of the unwanted pregnancy, but in terms of the spacing mentioned by Dr. Morgan, it increases the survivability of the child.

Also, what he did not mention is the spacing impacts the survival of the mother. So an enormous number of activities that are driven by the AID various offices in fact are in the preventive field, and that is the area that we at APHA obviously are most supportive of.

Senator INOUYE. Well, I thank you very much, doctor. I appreciate it.

TURKISH CYPRIOT CULTURAL AND EDUCATIONAL ASSOCIATION

STATEMENT OF JOSEPH D. YOUSSOUF, ESQ., ON BEHALF OF TURKISH CYPRIOT CULTURAL AND EDUCATIONAL ASSOCIATION

IMPACT OF U.S. AID ON CYPRUS SITUATION

Senator INOUYE. Our next witness is Mr. Joseph Youssouf, attorney at law. Mr. Youssouf.

Mr. YOUSSOUF. Thank you, Mr. Chairman. I am here today representing the Turkish Cypriot Cultural and Educational Association of America, Inc. And I sincerely thank the chairman for the opportunity to appear today and to testify.

Mr. Chairman, I would like to spend the time allotted to me today concentrating my discussion on what has been a prime topic of concern for this committee and upon which the committee Chair has heard testimony earlier today from both representatives of the Greek and Greek Cypriot community and Mr. Suleiman from the Turkish Cypriot community.

The question is perennial, and that is what impact does American aid have upon the Cyprus situation? Do punitive measures directed at Turkey for its 1974 intervention and continued Turkish troop presence on the island contribute to a settlement and enhancement of the peaceful atmosphere on Cyprus, or do they in fact prove fruitless?

Another question that is extremely important is, will the election of Mr. Vassiliou contribute to a final solution on Cyprus or is that a hope that is at best illusory?

I would like to direct the Chair's attention to statements made by Mr. Vassiliou on June 8, 1988, at the U.N. headquarters in New York at a press conference he held, because I think these statements are indicative of the fundamental problem in the Cyprus issue that has really not been effective addressed.

The question from a reporter:

> The other day Mr. Ozal was telling us that he is in favor of yourself and Mr. Denktash getting together more than once, two or three or four times, as Mr. Papandreou and Mr. Ozal are planning to do. Do you think that this constitutes an opportunity for a solution?

Mr. VASSILIOU.

> I do not see any practical usefulness of the four of us getting together.

And then skipping down further in the quote:

> And other than that, meetings should be between heads of states or prime ministers. I have both roles. I do not mind meeting with Mr. Ozal or Mr. Evran or both of them.

The fact is that from the beginning of this problem in Cyprus, Mr. Chairman, the Greek Cypriot community has failed to recognize the basic historical fundamental fact, and that is that on Cyprus there are two distinct populations. There are the Greek Cypriots and the Turkish Cypriots.

In furtherance of that particular thesis, I cite to the 1975 book written by the Greek Cypriot scholar, Zenon Stavrinides, entitled "A Cyprus Conflict: National Identity and Statehood." In that very well written book, Dr. Stavrinides says:

> The crucial point, however, is that the two main ethnic groups which are to be found in the island are thought of by their members as being not self-contained Cyprus-based nations, but integral parts of larger nations.

He points out the distinctions between the Greek Cypriot and the Turkish Cypriot communities. Now, his observations were verified and in fact echoed by the Turkish Cypriot scholar Dr. Vaimik Volkan, who wrote in his book entitled "War and Adaptation," a book written after the 1974 conflict:

> This then is a small country into which the soul and blood of one conquering nation after another has seeped over the centuries, and in which men without the bonds of natural kinship live side by side. In Cyprus, the fascinating diversity of cultural influences, the legacies of one conquering power after another, resulted in the end in social bipolarity.

The veracity of these observations about the two communities of Cyprus is extremely important as one ponders the probability of a Cyprus settlement. The veracity of these observations is really set forth in the 1960 constitution.

Article 1 of that constitution states:

> The State of Cyprus is an independent and sovereign republic with a presidential regime, the President being Greek and the Vice President being Turk, elected by the Greek and Turkish communities respectively.

And then in article 2 there is a definition of what constitutes the Greek community and what constitutes the Turkish community.

Now, it must be noted at this point in time that Mr. Vassiliou has represented himself to be the President of a sovereign nation, elected by the majority of the people of the nation. It has to be pointed out that the newly elected President of Greek Cyprus did not receive one single Turkish Cypriot vote. Not one Turkish Cypriot could have nor did vote in that particular election.

Similarly, the President of the Turkish Republic of Northern Cyprus, Mr. Denktash, was not elected by any Greek Cypriots.

The fact is that the events of 1974 were the culmination of a series of wrongful acts that were perpetrated over a number of years beginning in approximately 1963, just 3 years after the formation of the Republic.

The people who decry continued Turkish occupation in Cyprus and the military presence in Cyprus are people who choose to ignore the historical realities that created the present. And as we all know, you cannot ignore the past and hope to prosper in the future.

SELF-DETERMINATION

The fact is, Mr. Chairman, that what President Woodrow Wilson said to a joint session of the Congress on February 11, 1918, is instructive and relevant if we really seek to fashion a lasting solution to the Cyprus problem:

> Peoples are not to be handed about from one sovereignty to another by an international conference or an understanding between rivals and antagonists. National aspirations must be respected.
>
> Peoples may now be dominated and governed only by their own consent. Self-determination is not a mere phrase. it is an imperative principle of action which statesmen will henceforth ignore at their peril.

As we know, it took a Second World War and massive human suffering before that principle found its way into the United Nations Charter. But I point out that in a series of internationally recognized legal documents the right of self-determination has been accepted and recognized.

What I say to you today, Mr. Chairman, and to the Congress is that the basic fact is that the Turkish Cypriots exercised the right of self-determination. They have that right under international law, and all they ask of the international community and of the United States is to recognize that they are not a puppet state established by Turkey.

They are in fact a free sovereign state, established by the will of the people. They have exercised a fundamental right, and it is that basic exercise of a fundamental right which has caused the Greek Cypriots and Greece much consternation.

If we ignore the facts as I have outlined them today, then we avoid the possibility of finding a lasting solution. I would like to point out that President Denktash of the Turkish Republic of Northern Cyprus immediately upon the accession of Mr. Vassiliou invited Mr. Vassiliou to meet with him.

Mr. Vassiliou refused to meet with Mr. Denktash and in fact sought to meet with Mr. Ozal, thereby lending credibility to the theory that two heads of equal sovereign nations would meet and resolve a problem whereby one sovereign nation invaded another sovereign nation.

By continuing in that attitude, Mr. Vassiliou hopes that he can convince the people of the world of his pacific intentions and he really masks the underlying problem, which is as long as he refuses to recognize the co-equal partnership of the Turkish people of Cyprus there can be no lasting solution to Cyprus.

A Cyprus solution cannot be imposed by Greece and Turkey on Cyprus. It has to be resolved by negotiations between the Turkish Cypriots and the Greek Cypriots.

Now, fortunately, subsequent to the June 8 conference, Mr. Vassiliou has consented to meet with Mr. Denktash. It is my sincerest hope that those negotiations will lead to some progress.

But I am pessimistic about progress in this very difficult area if the powers that be continue to ignore the basic fundamental source of the problem, and that is that the Turkish Cypriots exercised the right of self-determination and have a continuing right to deal with their own futures, and will never ever again submit themselves to the tyranny of an oppressive, hostile majority.

And I think that if that fact is recognized then there can be a lasting solution to the Cyprus problem.

And I would just finally urge the Congress to not attempt to impose a solution by taking punitive measures, as advocated by Dr. Lomis and by Mr. Manatos, against Turkey. That is counterproductive to our national security interests. It is counterproductive to a loyal and faithful ally, Turkey.

The solution lies with the peoples of Cyprus, not with the Greeks and Turks as nations.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Youssouf follows:]

STATEMENT OF
JOSEPH D. YOUSSOUF, ESQUIRE
ON BEHALF OF
THE TURKISH CYPRIOT CULTURAL
AND EDUCATIONAL ASSOCIATION
OF
AMERICA, INC.

Mr. Chairman and members of the Subcommittee, I sincerely appreciate this opportunity to appear before the Subcommittee on behalf of the Turkish Cypriot Cultural and Educational Association of America, Inc. to present our views concerning proposed foreign aid appropriations for Turkey, Greece and Cyprus for fiscal 1989. I will direct my comments to the situation on Cyprus.

In testimony presented to the House Appropriations Committee in April of this year, Greek lobbyists once again advanced the proposition that American aid to Turkey should be conditioned upon "the withdrawal of all Turkish forces from Cyprus", the immediate return of all "occupied areas" to the Republic of Cyprus and the "agreement by Turkey and the Turkish Cypriots to constitutional arrangements based on the universally accepted democratic principle of majority rule..." In short, Greece and the Greek Cypriots are demanding the dissolution of the T.R.N.C. as a sine qua non to continued American military and economic assistance to Turkey.

Our Greek friends would have the Congress believe that Turkey is an aggressive, expanionist power that covets Cyprus and invaded that nation in 1974 for the express purpose of establishing what they consider to be a "puppet state".

It is truly ironic that those who portray themselves as apostles of democracy regularly resort to demagoguery in their attempts to influence the foreign policy of our nation. The fact is that those who truly subscribe to democratic principles must support the continued existence of the Turkish Republic of Northern Cyprus rather than condemn it as a Turkish puppet state. The Turkish Republic of Northern Cyprus is a manifestation of the democratic aspirations of the Turkish Cypriot people. Those who would deny this fact ignore or overlook certain fundamental truths about Cypriot history and culture.

In his 1975 book entitled The Cyprus Conflict, National Identity and Statehood, the Greek Cypriot scholar Zenon Stavrinides observed:

> "It is often inevitable to speak generally of "Cypriots", or the people of Cyprus, but such expressions may be a bit misleading if they suggest that the 650,000 souls now living in Cyprus form one people, a nation characterized by a sameness of language, culture, religion or political loyalty...

> If these commonly accepted criteria of nationhood are applied to the people inhabiting Cyprus, they will have to be divided into different national or ethnic groups. The crucial point, however, is that the two main ethnic groups which are to be found in the island are thought of by their members as being not 'self-contained' Cyprus based nations, but integral parts of larger nations. Traditionally at least, the 80 per cent of the Cypriots have been very conscious of their Greek language, Greek culture and history, and Greek Orthodox religion; and these things make then not Cypriots who just happened to have had Greek origins, but Greeks living in Cyprus, and as such members of the larger Greek nation. Analogously, the 18 per cent have thought of themselves as Turks living in Cyprus, and members of the larger Turkish nation. Thus, although Andreas and Ali may be natives and residents of Cyprus, and regard the island as their common homeland, they do not normally regard themselves as compatriots, but rather as neighbours.

Dr. Stavrinides' observations have been echoed by the Turkish Cypriot scholar Dr. Vaimik Volkan who wrote in his book entitled War and Adaptation:

> "This then is a small country into which the soul and blood of one conquering nation after another has seeped over the centuries, and in which men without the bonds of natural kinship live side by side...In Cyprus the fascinating diversity of cultural influences, the legacies of one conquering power after another resulted in the end, in social bipolarity. The bipolar stance of Cypriot Greeks and Cypriot Turks persisted even after the island was placed under a single flag, that of the Republic of Cyprus."

The veracity of these observations about the true nature of the Cypriot peoples is witnessed by the fact that the 1960 constitution of the Republic of Cyprus institutionalized the separate existence of the Greek Cypriot and Turkish Cypriot communities. For example, Articles 1 and 2 of the 1960 constitution stated:

ARTICLE 1

> The State of Cyprus is an independent and sovereign Republic with a presidential regime, the President being Greek and the Vice-President being Turk elected by the Greek and Turkish communities of Cyprus respectively as hereinafter in this Constitution provided.

ARTICLE 2

> For the purposes of this Constitution -
>
> 1) the Greek Community comprises all citizens of the Republic of Greek origin and whose mother tongue is Greek and who share the Greek cultural traditions or who are members of the Greek-Orthodox Church;

> 2) the Turkish Community comprises all citizens of the Republic who are of Turkish origin and whose mother tongue is Turkish or who share the Turkish cultural traditions or who are Moslems.

Parenthetically, it must be noted that the newly elected President of the so called Republic of Cyprus, Mr. George Vassiliou, was elected by the Greek Cypriots alone in an election in not which one Turkish Cypriot could or did vote.

In an address delivered to a joint session of the Congress on February 11, 1918, President Woodrow Wilson stated:

> "Peoples are not to be handed about from one sovereignty to another by an international conference or an understanding between rivals and antagonists. National aspirations must be respected; peoples may now be dominated and governed only be their own consent. 'Self-determination' is not a mere phrase. It is an imperative principle of action, which statesmen will henceforth ignore at their peril."

Unfortunately, it took a second world war and massive human suffering on a scale unparalleled in history before President Wilson's warning about the importance of the right of self-determination was heeded by the international community and incorporated in the United Nations charter. Article 1 of that charter states that a fundamental purpose of the United Nations is to "...encourage friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples..."

In the "Declaration on the Granting of Independence to Colonial Countries and Peoples" U.N. General Asembly Resolution #1514, the Assembly declared:

> "All peoples have the right to self-determination; by virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."

Given these clear enunciations of a basic principle of international law, how can Greek lobbyists, in good conscience, continue to decry the existence of the T.R.N.C. and use its continued existence as an argument against United States economic and military aid to Turkey? It is respectfully submitted that this position is ludicrous and illogical.

The basic and inescapable fact is that the two peoples of Cyprus should not be compelled to share a house if they are not so inclined; the undeniable evidence is that they are not so inclined at this time.

Since 1974 peace has prevailed on Cyprus. The weapons that Greece and Greek Cypriots complain of have not been fired in anger and there are no indications whatsoever of "Turkish Agression" against Greek Cyprus. In fact, the pacific intentions of the Turkish Cypriots have been manifested by President Denktas' invitation to the newly elected president of Greek Cyprus to begin discussions. Unfortunately, Mr. Vassiliou has refused to discuss anything with Mr. Denktas and has sought, instead, to commence discussions with the Prime Minister of

Turkey; thereby hoping to give credence to the Greek position that Turkey controls Cyprus and that the Turkish Cypriot state is merely a puppet of the Turkish regime.

As long as Mr. Vassiliou and the Greek Cypriots continue to close their eyes to the political realities of Cyprus and refuse to negotiate as co-equals with the Turkish Cypriot people, the stalemate on Cyprus will continue. Greek and Greek Cypriot representatives in the United States have consistently attempted to convince the Congress to punish Turkey for its continuing support of the T.R.N.C. Their policy proceeds from the assumption that if the United States withholds economic and military assistance from Turkey, Turkey will be forced or intimidated into discontinuing its support of the T.R.N.C. The real question before the Congress is whether or not the U.S. should punish Turkey because of its actions on Cyprus. It is respectfully submitted that rather than condemning Turkey for its actions on Cyprus, the Congress should recognize the fact that Turkish intervention in Cyprus in 1974 and its continued military presence on that island has insured the continued existence of the Turkish Cypriot people and has led to the flowering of democracy in that troubled land.

In his book, Ten Years of the Cyprus Problem, the Greek diplomat Angelos Vlachos, who had official responsibility for Cyprus in the 1950's and 1960's, used the following quotation from Euripides to summarize the folly of Greek and Greek Cypriot leaders attempts to resolve the Cyprus problem by the elimination of the Turkish Cypriot people:

> "Of mouths unbridled and of lawless folly the end is misery"

The basic, undeniable fact is that the situation on Cyprus today is the result of the wrongful actions and unrestrained dedication to the concept of enosis of the Greek Cypriot leadership in the years that followed the establishment of the Republic of Cyprus in 1960. For all parties concerned, it would be better if we could close the book on the ill-fated Republic of Cyprus and recognize the fact that Greek Cypriots and Turkish Cypriots are better off living in separate and distinct communities, with each party having exercised their fundamental right of self-determination

American foreign policy must serve our nations interest. It is respectfully submitted that a policy which punishes Turkey for its actions on Cyprus and urges the dissolution of the T.R.N.C. is ill founded, ill conceived, and contrary to the best interests of our nation.

Respectfully submitted,

JOSEPH D. YOUSSOUF

1974 INVASION

Senator INOUYE. Witnesses have mentioned the year 1974. What in your mind precipitated the invasion by the Turks?

Mr. YOUSSOUF. In 1974, the elected government of Cyprus, represented by Archbishop Makarios, was overthrown by a coup d'etat sponsored by the colonels, the junta in Athens that was in power.

After the removal of President Makarios, they installed a man identified as Sampson. Mr. Sampson was a terrorist who was first elected to the Greek House of Representatives on Cyprus under the slogan "Death to the Turks." It was his avowed purpose—and this was discovered subsequent to his accession to power—to implement what became known as the Ekretis plan, which was the plan for the systematic elimination of the Turkish Cypriot population by force of arms.

That alarming development and a cry for help from the Turkish Cypriots, led at that time by Mr. Denktash and other Turkish Cypriots, convinced Turkey to risk armed intervention in Cyprus.

If it had not been for Turkish intervention, if Mr. Sampson had had his bloodthirsty way, there would be no Turkish Cypriots today to create the problem that Mr. Vassiliou and the Greeks complain of. The basic fact is that, had Turkey not intervened, my relatives on the island, Mr. Suleiman's relatives on the island, probably would not be there.

They would either be dead or they would be exiled. That is a sad historical reality, but that is why the Turks invaded in 1974, Mr. Chairman.

Senator INOUYE. I thank you very much.

And I would like to call a 5-minute recess.

[A brief recess was taken.]

MENNONITE CENTRAL COMMITTEE

STATEMENT OF EARL MARTIN, CO-SECRETARY FOR EAST ASIA, MENNONITE CENTRAL COMMITTEE

SITUATION IN PHILIPPINES

Senator INOUYE. Our next witness is the Co-Secretary for East Asia, Mennonite Central Committee, Mr. Earl Martin. Welcome, sir.

Mr. MARTIN. Thank you very much. It is a pleasure to be here to meet you face to face after the Nation has seen you many times on television, to be here with you.

I come today to talk about the Philippines. I work now with our church programs in the Philippines. Our family lived in the Philippines for 3 years, from 1979 to 1982. And in my present responsibility, I visit the Philippines at least each year.

We have a number of workers in the Philippines. And we just want to say that we were, as I think all of our Nation, very delighted with the change of government several years ago and are generally rather encouraged with some of the signs of the new administration there.

Particularly again in my recent visit there, I was amazed again to see the vigor of the press in the Philippines. It seems, as relates to all the countries in Asia, it seems to be perhaps the freest press in all of Asia at this point.

We are getting good signals on the corruption picture generally. While it seems to continue, yet it seems not as easy as before, we hear stories, for people to buy a favor under the table and so forth.

Our concern, however, started a year or two ago when some of our workers were writing back to us reports of, again, some human rights concerns in the countryside. And as an administrator stateside, I would write back letters to them to counsel them, patience and so forth.

But our workers kept writing reports along these lines. We have a nurse in the southern part of the country, for example, in Mindanao, who wrote about the areas where he was going out to organize health seminars, which has been his job for 5 years in the Philippines.

ORGANIZATION OF VIGILANTE GROUPS

And he would write about groups coming into these villages and trying to organize all the villagers into what were called vigilante groups. And at that time I had not heard about these. Now we see press reports about these and so forth.

But when he wrote first about these a year or so ago, it seemed a new phenomenon. And now over the last year, it seems that more and more we see the work of these right-wing vigilante groups, and recently there have been a number of press reports.

Perhaps you saw this morning the report in the Washington Post talking about rights abuses rising in the Philippines, vigilante squads strike at leftists. It is a phenomenon that has been mushrooming and one that has caused considerable alarm for our people.

Also, in recent months there have been a number of reports that have documented this phenomenon considerably. You may have seen the major report done by Amnesty International entitled "The Philippines: Unlawful killings by military and paramilitary forces."

And just today there is the release of a major report done by the Lawyers Committee for Human Rights, called "Vigilantes in the Philippines: A threat to democratic rule."

It is a concern for us because we are hoping very much that now these new moves toward democracy in the Philippines can indeed take root and flourish. We are reminded that in the early days of the administration of President Marcos there was also a lot of optimism and a lot of support. And yet, as his military went unchecked over the years, it seemed to move more and more toward the kind of abuse that in the end took the life of Senator Aquino himself.

We are hoping it does not go that way in the Philippines. We have come to know and love many Filipino people, government people, church people, many ordinary farmers that we lived with. And somehow we are hoping that there can be the kind of signals given from this body that would encourage that democratic process in the Philippines and discourage this move toward the use of these groups that press people often refer to as kind of unorganized thugs, who have been drawn in.

And we are very concerned about that whole phenomenon.

[The prepared statement of Mr. Martin follows:]

"Old Patterns Re-emerging in the Philippines"

--Earl Martin, Co-Secretary for East Asia
Mennonite Central Committee

I would like to thank the Subcommittee for the opportunity to share some of our concerns on developments in the Philippines. These relate specifically to the Subcommittee's consideration of the Administration's $267 million request for a new round of military and security assistance funds to the Philippine government. The State Department says that U.S. military aid currently constitutes 83 percent of the Armed Forces of the Philippines operations, maintenance and procurement budgets.

What are the appropriate signals for the U.S. Senate to be communicating to the Philippine military today? What response will encourage the democratic process in long-term development in that country?

Please allow me a word of introduction. My name is Earl Martin. I currently serve as Co-Secretary for East Asia Programs of the Mennonite Central Committee--a church-based relief and service agency with 500 workers overseas. I've been closely involved with Asia for the last 22 years. I served as a refugee relief worker and a researcher on unexploded munitions for five years in Vietnam during the war. My university graduate work focused on Asian Studies. My family worked in rural development in the Philippines from 1979-1982. In my present capacity I have visited the Philippines annually since 1985. My close acquaintances in the Philippines include various high government officials, many church authorities, development representatives that range from the right to the left-wings in the political spectrum. Most of all, however, our closest friends tend to be ordinary farmers with whom we have related over the last nine years. As an agency with a strong desire for peace, we have deep sorrow for the victims of continuing violence of both the military and the New People's Army forces.

Let me say, at the outset, some very positive developments have occurred, in my opinion, during these two years of the administration of President Corazon Aquino. For example, while reports of graft and corruption continue, I hear anecdotal and spontaneous accounts in Manila that within this government office and that it is now more difficult to achieve one's aims by slipping a few pesos under the table. On press freedoms, I was startled and pleased to see in Manila bookstalls a wide gamut of literature and editorial opinion ranging from extreme anti-Marxist views to books on Fidel Castro or the Philippine's New Peoples Army.

I was pleased again this April to witness in the Philippine Senate and House a full range of spirited debate on all issues that face the body politic.

In talking to a wide variety of government officials and ordinary people, however, I sense a growing concern that many developments seem to be pointing toward a return to patterns of days of the erstwhile Ferdinand Marcos. Paramount among these has been a conspicuous shift in the response to the cry of people in the countryside for development and better economic conditions. Unfortunately, in my opinion which I hope is incorrect, certain American officials may have played an unhelpful role in that process over the last two years.

During her first year in office, President Aquino stated a very clear attitude toward the people's movement for radical change as being a case of inadequate economic development and the expression of legitimate grievances on the part of poverty-stricken Filipinos. Mrs. Aquino, during her presidential campaign against Mr. Marcos, pledged that first on her list of social policy priorities was an "equitable sharing of the ownership and benefits of land." Unfortunately, two years later there is no sign that a meaningful land reform program will be carried out.

Meanwhile, Mrs. Aquino's inherited military continue to badger her administration to take a militant, aggressive stance vis-a-vis the NPA and even against legal expressions of dissent. During that time, various officials in Washington were also cited in the press as calling for Mrs. Aquino to take a more militant approach to the oppositionists who were campaigning for land reform and other social change. This cry for land reform is so pivotal in the Philippines since it is estimated that approximately 70 percent of Filipinos who depend on farming for their livelihood do not own the land they cultivate. Many of these landless peasants are tenant farmers who are forced to pay one-half or two-thirds of their crops to absentee landlords. The resultant poverty takes a toll in severe malnutrition for approximately 20 percent of the population and general malnutrition for about 70 percent of the people, according to government figures.

Finally, a year into her rule, President Aquino buckled in to the pressure from sources in Washington and her own restless military which had gotten used to exaggerated power and prerogatives during the long martial law era of Ferdinand Marcos.

A turning point came in January, 1987, when the heavily armed military fired on a group of farmers demonstrating for land reform in Manila, leaving 18 persons dead and over 100 injured. Finally, on March 22, 1987, Mrs. Aquino made her famous speech in which she spoke of unsheathing "the sword of war."

One of the most disturbing aspects of this new trend has been the rise--with the Philippine military's active endorsement and encouragement--of right-wing vigilante groups. These vigilantes have sprung up in scores of communities all across the archipelago. Because they are generally ad hoc and untrained, these vigilantes in many areas have become a law unto themselves.

The purported goal of the vigilantes is to serve as a blocking force against the NPA guerrillas. It is clear, however, that these young, untrained village toughs are not in a good position to stand up to the skilled and disciplined fighters of the New Peoples Army. The New York Times (June 5, 1988, p. 16) said that the "vigilantes, generally little more than groups of local thugs, have often terrorized and sometimes killed residents they suspect of helping the insurgents."

More than that, the primary effect of the vigilantes has been to intimidate, harass or even kill persons in the community who are trying to organize for precisely the kind of social change that Mrs. Aquino called for in her "People Power" movement of two years ago. Because of the rise of the vigilantes, and further unleashing of the Philippine military, Seth Mydans of the New York Times concludes that "It appears that, willingly or not, the Aqunio Government has set a course for a violent rather than a political resolution of the country's division." (December 27, 1987, section 4, p.2)

Furthermore, a March, 1988 Amnesty International special report states that "There is strong evidence...that members of the Alsa Masa and other 'vigilante' groups have committed grave human rights violations, including political killings, apparently with the knowledge or acquiescence of local military commanders."

Indeed, no less than a Philippine Senate committee issued in March, 1988, a major report on the activities of these vigilante squads. Among the numerous negative conclusions of the Senate committee, they asserted, "The existence and operation of many vigilante groups subject the local population to a grip of paralyzing, debilitating fear that greatly hampers their ability to work for their livelihood and the welfare of their families and communities. Such fear also prevents them from exercising their constitutional right to organize and collectively solve their community problems." (Report of the Senate Committee on Justice and Human Rights on Vigilante Groups, p.17.)

Our own Mennonite development workers have experienced precisely this phenomenon. One of various examples occurred to our MCC nurse, Mr. Jim Kurtz, who has served for five years in the southern island of Mindanao. The following is an excerpt from a personal letter of Kurtz:

> "Yesterday....I went to a barrio [village] to lead a community education on TB and eventually start a treatment program. This barrio is in total turmoil as I learned only later. Last month the health workers gave community education on sanitation with enthusiastic response and full attendance. Then soon after that a small group of the military moved in. Last week they [the military] held a seminar on organizing the communitiy for the Alsa Masa [the name of the local vigilante group]. They lambasted the church, condemning the priests and the church program....
>
> "I have never been received in a barrio like I was yesterday. Nobody, absolutely nobody, came to greet me or smiled....

> "This is happening all over. It is as if the people don't know what to do. Three of the four areas which we had planned to expand in the TB program are now crossed off. The people are scared to gather together. They don't want to be associated with the church....
>
> "These people are causing so much suffering and confusion....As you have heard we just lost a health worker to the Alsa Masa."

It should be noted that these vigilante groups have received the blessing and support of the Philippine government and military. Beyond the turmoil created by the vigilantes, the reports we have been receiving from our field workers in the Philippines indicate that the official Philppine military is also moving in the direction of the Saigon army during the Vietnam War. Our MCC workers recently visited sites both in Mindanao and in Negros islands where reportedly the military burned numerous houses of people who they accused of being sympathetic toward the New People's Army. The growing permissive climate for such arbitrary violence against any groups organized outside government auspices is spreading even to the capital city of Manila. It must be stated here, however, that a rash of killings of Manila policemen by NPA assassination squads has created some fear among Manila security officials. Whatever the backdrop, just three months ago, for example, two young men who were pasting up wall posters calling for the removal of the American bases were seized by plain-clothes officers in Manila. After three days of interrogation, these lads were taken to a deserted area in the city. One was brutally beaten. The other was killed and mutilated.

Our observations lead us to the conclusion that some dangerous Marcos-era patterns are re-emerging on the part of the Philippine military today.

If these trends continue, we fear that the new democratic seedlings beginning to sprout in that country will be crushed once again.

If the true American and international interests in the Philippines include a desire for the kind of change which fosters growth and stability, we strongly encourage an emphasis on economic aid rather than military aid to that country. We support the Philippine Senate committee's statement that "decisive political and economic solutions are the best antidotes to the insurgency."

Recommendations:

Consequently, from our own perspective, influenced by our bias of working with the least powerful in the society, we would tend to encourage the following as a course for your Senate subcommittee on foreign operations:

1. We encourage a significant reduction --at the very least, a symbolic cut--in the proposed amount of military aid as a way of communicating American preference for encouraging economic development rather than military conflict to address the divisions in Philippine society.

2. Communicate from this Senate subcommittee expression of support for the Philippine Senate committee conclusions on the vigilante groups. Their first recommendation is simply to "dismantle vigilante groups."

3. Explore ways in which the Philippine economy could be strengthened by a radical reduction of the foreign debt of $28 billion. Most of this debt was undertaken for dubious projects during the Marcos years. Today servicing this debt absorbs 42 percent of the Philippine national budget.

We believe that these steps would contribute toward the strengthening and nurturing of democratic and developmental policies in this nation that we have come to admire and respect so much. The gracious and determined Filipino people deserve more than a continuing resort to military confrontation. We believe your subcommittee can make positive contributions in this regard.

Thank you for the opportunity to share these views with your subcommittee. We pray for you wisdom and courage as you face these challenging decisions.

GOVERNMENT-SUPPORTED VIGILANTE ACTION

Senator INOUYE. Are you suggesting that these activities are supported by the government?

Mr. MARTIN. I wish I could say no. In many of the reports from the field from our people, they indicate that the military, the Philippine military, first comes in and organizes for this kind of vigilante group and encourages the people to join these vigilante groups.

And then the military will leave, leaving the vigilante group in place, and in many cases armed by the military. Some of these are a restructuring of the old, what was called the civilian home defense forces.

And clearly, in many of the areas where our workers are living there is a climate of permissiveness and often outright encouragement, it seems, given by the military for the action of the vigilante groups. And it is leading to a kind of fragmented, hit or miss kind of justice, where the vigilante group seems to take the law into its own hands.

And so coming out of that, we ask, what kind of signals might best be given? We were particularly disturbed with a lengthy report done by the Philippine Senate just recently on the problem of the vigilante groups. And I do not know if this is the kind of report your subcommittee would want to submit for the record or not.

But it is an impressive document done by the Philippine Senate. I met with the President of the Senate in April, and this is clearly a concern.

And it seems to be moving now again toward a pitting of power and wills between some of these democratic forces, such as the Senate represents, and the military. Indeed, the Philippine press has pitted a struggle between the military and the Senate.

And so we wonder if there could not be some kind of signal given by your body that would encourage some of these democratic forces and give a warning sign to some of these phenomenon of the vigilantes.

Senator INOUYE. We shall do what we can, sir.

Mr. MARTIN. I guess we would—I do not know if that might take the form of some symbolic cut in this $267 million to be appropriated or some letter from your subcommittee to the Philippine Senate or what.

But we hope that the democratic urges and inclinations and desires of the Filipino people can be encouraged.

Senator INOUYE. We will see what we can do. Would you like to submit that?

Mr. MARTIN. I would like to do that.

Senator INOUYE. Thank you very much.

[The information follows:]

REPORT

OF THE

COMMITTEE ON JUSTICE AND HUMAN RIGHTS

ON

VIGILANTE GROUPS

PREFACE

Starting February 1987, there have been persistent reports on the proliferation of vigilante groups in many parts of the country. [Some of these reports are listed in Annex A.] Shortly, after Congress had convened, the Senate Committee on Justice and Human Rights began to receive complaints of harassments, threats, intimidations, tortures, disappearances, salvagings, hamlettings, crop burnings and food blockades allegedly committed by vigilante groups. An upsurge of those complaints was noted in October 1987.

The Committee decided to conduct an inquiry into the said reports and complaints as well as the organization, supervision and control of vigilante groups. It held a series of six public hearings beginning on November 3, 1987 and ending on January 13, 1988. [The names of witnesses who testified at the said hearings are listed in Annex B.]

Senator Wigberto E. Tañada, Chairman, stated the purpose of the hearings in a prefatory statement to the Committee at its initial meeting.

> CHAIRMAN: This inquiry has been called to look into, among others, the organization, activities, supervision and control of vigilante groups. It is a matter of public knowledge that over the past year, we have seen the proliferation and the rise in the organization of vigilante groups all over the country, which development has been welcomed by some as helping in the promotion of peace and order in their respective communities, and strongly protested and opposed by others. They pointed to some of these vigilante groups as a cause of the continuing violation of human rights. Only last week, the guidelines for civilian volunteer self-defense organizations was signed by the Secretary of National Defense, the Acting Secretary of Local Governments, and the Acting Secretary of the Commission on Human Rights. This early, questions have already been raised regarding these guidelines. To get a full comprehensive picture of the issues raised by this problem, the Committee will invite not only leaders of vigilante groups and officials of the government tasked to supervise the operation of these groups, but also leaders of non-governmental organizations which have come out openly to speak against the vigilante groups. After the Committee will have heard the testimonies of these persons, it is hoped the Committee can recommend the enactment of certain legislations to address the problems resulting from the proliferation of vigilante groups. 1/

INTRODUCTION

Vigilantism was a frontier phenomenon in the 18th and 19th century America. Today, the closing years of the 20th century, it is a phenomenon in the Philippines. In this country, vigilantism has attracted public attention and has stirred public debate. Conflicting perceptions of the existence and operations of vigilante groups and atrocities reportedly commited by some members make them all the more controversial. [Rene V. Sarmiento, The Legality of Vigilante Groups, Annex C].

In the context of the Philippine experience, vigilante is taken to mean as an organization of armed civilians banded together for purposes of counter-insurgency. Even some religious fanatical and bandit groups are included in this category. The right-wing, anti-communist vigilante groups began surfacing in different parts of the country with the intensification of military operations after the collapse of the peace talks between the government and the National Democratic Front [NDF] in February last year. The war with the Communist Party of the Philippines/New People's Army [CPP/NPA], which has lasted almost a score, has since then taken a turn for the worse. The Armed Forces of the Philippines [AFP], perceived to be carrying out a Presidential "declaration of war" speech at the Philippine Military Academy in that month, intensified its counter-insurgency operations against the CPP/NPA and its supporters. 2/

Many vigilante groups have become notorious for harassing, torturing and executing civilians. Despite confirmed reports of these unlawful acts, some government and military officials appear favorably disposed to the concept of vigilante groups. President Aquino publicly endorsed NAKASAKA as a form of "people's power" and an "effective weapon against Communism." The then Defense Secretary Rafael Ileto admitted his support for the more notorious ALSA MASA. The late Local Government Secretary Jaime Ferrer had actively campaigned for the organization of these vigilante groups in all parts of the country.

There is a claim that the vigilante groups is a strategy for counter-insurgency using a "low intensity conflict" doctrine. In the study of the historical background of vigilante groups, it may be worthwhile to consider the Report of a U.S.-Philippine Fact-Finding Mission to the Philippines [May 20-30, 1987] on Right-Wing Vigilantes and U.S. Involvement, a portion of which is quoted hereunder.

> The term Low Intensity Conflict (LIC) is the more recent name of what in Vietnam was called Counter-Insurgency (CI). Since the Vietnam war, the United States has refined and structured the procedures for general applications wherever needed throughout the Third World. In essence, LIC is the method of protecting U.S. interests through the use of surrogate forces obviating the necessity of using U.S. troops to directly fight indigenous peoples struggling for freedom from U.S. domination. Rather than urge social equality, U.S. policy supports, for the benefit of the U.S. financial interests, the total inequities of foreign elitist systems and uses their police and military forces to violently suppress the aspirations of the peoples of the third world countries. LIC/CI employs a comprehensive and all-inclusive strategy for use by all relevant U.S. government entities such as the armed forces, the Agency for International Development, the United States Information Agency and the Central Intelligence Agency. Each element has its own charter and the total program is guided in Washington by a multi-agency task force and in the field by an Embassy-based country team or mission council. Despite well-defined spheres of activity, fierce jurisdictional battles ensue as each segment fights for greater shares of the responsibility and the adoption of its specialty in LIC. [Annex D].

VIGILANTE GROUPS

Government prefers to call them "Civilian Volunteer Self-Defense Organizations" [CVSDOs]. The vigilantes prefer to call themselves by a variety of names: ALSA MASA, NAKASAKA, TADTAD, CACA, KURATONG BALELENG, to cite a few. They are collectively known as "vigilante groups". [Trend Focus, Vigilance, Not Vigilantes, Annex E].

1. Alsa Masa

Mr. Arnel de Guzman of the Philippine Alliance of Human Rights Advocates [PAHRA], in his testimony before the Committee on November 3, 1987, described the Alsa Masa as "The most popular and considered the forerunner of the different vigilante groups." 3/ [See also PAHRA, Right-Wing Vigilantes in the Philippines, Annex F].

Lt. Col. Franco Calida, the Commanding Officer and Police Superintendent of Davao City Metropolitan District Command, in his testimony before the Committee on January 13, 1988, described the Alsa Masa as —

> * * * an organization of the people after reacting to the several atrocities committed by the members of the New People's Army in Davao City, and their reaction to such atrocities, they formed an organization called Alsa Masa primarily against insurgency, and secondarily, against criminality. It started in the small sitio of Dupangco, Agdao, the stronghold of the New People's Army in Davao City at the time. And after I have called for all these disgruntled former members of the New People's Army to formally surrender to me when I took over the Metrodiscom Commander, and then told them that I will support their cause as long as

> it is in accordance with law. And the moral support of helping them in organizing this Alsa Masa movement with this, primarily, against communism, we were able to spread the movement, convince other members of the CPP/NPA to join them. And that was the start, sir.
>
> Then later on, when almost all of the barangays of Davao City have organized their Alsa Masa movement which were actually spreading like wild fire then in the city, then they organized into a formal organization by selecting their leaders and recommending to us members of the civilian volunteers that will protect, initially protect, the life and property of their own barangay in coordination with our military and police detachments. And I have required them that their applications, among the civilian volunteers, it should be confirmed and recommended by the barangay officials. And after screening them properly, weeding out some of those that are, particularly all of those with criminal records, then I further recommend them to authorize them: firstly, to be trained in the Civilian Home Defense activities, duties and functions; and then later on, when they are qualified already, they can bear arms as issued by the Home Defense Forces Group Airborne of the Philippine Army. 4/

When asked by what authority he organized the Alsa Masa and at what point he first got involved with the organization, Calida said that Alsa Masa was a "simultaneous reaction of the people. We did not even start it. The people who were already fed up from the atrocities of the New People's Army started it. And then it is now our duty to coordinate them. The first organization at Barangay Agdao which was then the stronghold of the sparrow operating in Davao City, and when this disgruntled group surrendered to me, then I told them that I will support their cause because they are anti-communists and also, against criminalities. And so we organized them. I told them to convince more members coming from the elements of the New People's Army who were their former comrades then because they can identify them."[5/] For excerpts of testimony of Col. Calida, Jan. 13, 1988, please see Annex G].

Was Alsa Masa effective in driving NPAs out of Davao City? Fr. Walsh answered the question in the negative in his testimony before the Committee on December 22, 1987.

Fr. Jack Walsh, Maryknoll Missionary priest, who came to the Philippines in 1962, labored in Davao Oriental for 17 years and in Davao City for the last eight years, has been assigned by the Archbishop of Davao to work among the industrial laborers in their communities and given the task as Justice and Peace Coordinator for Communications by his religious society. Fr. Walsh firmly contradicted the model-role claim for Davao City Alsa Masa.

> FR. WALSH: I would like to go on record by saying that there are several serious misconceptions regarding the ALSA MASA groups in Davao City which I feel have not been adequately addressed, and yet these misconceptions are the basis for promoting the so-called Davao model. The first misconception is that the ALSA MASA in Davao City is responsible for driving out the NPA. I want to say very, very clearly acknowledging and contradicting those who have much larger positions than I do, but that misconception is inaccurate. The NPAs, their urban groups, had left Davao City six to eight months before the ALSA MASA even started. If we take the statements of Col. Calida that more or less in June or July 1986 the ALSA MASA began to expand in Davao City, I want to say very clearly that the NPA, by and large, had left Davao City the previous October of 1985. 6/

Fr. Walsh explained why the NPA left Davao City. "Around August of 1985, the NPA groups in southeastern Mindanao, particularly Davao City, became aware of the existence of Deep Penetration Agents [DPAs] planted by military intelligence to work within the NPA ranks. The phenomenon was detected when in armed encounters their comrades were wounded in the back." [7] [For excerpts of testimony of Fr. Walsh, Dec. 2, 1987, please see Annex H].

2. Other Vigilante Groups

When ALSA MASA came under heavy criticism from various sectors for their reported atrocities, Department of Local Government officials started building up the NAKASAKA (Nagkahiusang Katawhan sa Kalinaw) or United People for Peace. Based mainly in Davao del Sur, its anti-communist and rightist orientation is very much like the ALSA MASA. Many of its members also carry guns even as the government and the military claim that its members are armed only with bolos and native weapons. This project had been endorsed by the government through the late Local Government Secretary Jaime Ferrer.

As of the end of August 1987, the National Documentation Center of the Philippine Alliance of Human Rights Advocates [PAHRA] has recorded a total of 205 major armed right-wing civilian groups including fanatical groups and bandits operating nationwide. Of this, 127 are the right-wing vigilante type, 63 are religious fanatical groups, and 15 are armed bandit groups.

This list does not include branch formations of the ALSA MASA and the NAKASAKA. Of the 127 major formations of the vigilantes, 53 are found in Mindanao, 41 in the Visayas, 27 in Luzon. This does not tally with the 68 mentioned in Leyte because of the disparity in dates, and they did not include the formation of the vigilante branches of the ALSA MASA. Metro Manila has at least six groups in existence. 8/

In Manila, a Col. Romeo Maganto admitted to having organized the Manila Crusaders for Peace and Democracy. Western Police District Superintendent Gen. Alfredo Lim bared the organization of Police Community Relations Organization which became vigilante groups. 9/ [For excerpts of testimonies of Col. Maganto and Gen. Lim, Jan. 13, 1988, please see Annex I].

[Lists of vigilante groups in different parts of the country are hereto attached as Annex J.]

ABUSES, EXCESSES AND ATROCITIES OF SOME VIGILANTE GROUPS

Testimonies and statements were given to the Committee about abuses, excesses and atrocities committed by some vigilante groups and members. The following are a few of the many reported:

1. Food blockades in La Paz, Leyte, as recounted by Rev. Ugsad, were made through checkpoints whenever people from the barangays go to the poblacion to buy goods and provisions. The people are asked by vigilante group members to pay three pesos (P3.00) at every checkpoint. In the case of rice, if a cavan is bought, only one or two gantas are allowed and the rest of the rice is left at the checkpoint. The people were unable to bring and sell their copra at the poblacion; neither could they buy goods from the poblacion to sell in their barangays. When allowed, purchases were limited. People were also arrested without warrants of arrest, according to Rev. Ugsad, who also reported cases of torture by vigilante members of citizens suspected of being NPAs.[10/]

2. Fr. MacDonaugh reported a killing that took place October 22, 1987 about 2:00 o'clock in the afternoon. A young boy of 14 years was hacked to death by Tadtad members. Within a kilometer away was a detachment of an Army IB. Fr. McDonaugh documented the killing and made recommendations through their local bishop and to the Army commander, but no response was received. [11/]

3. Bishop Antonio Tobias of Pagadian City submitted documents and testified on abuses committed by Tadtad and Kuratong

Baleleng members. He reported the kidnapping and illegal detention of one Pablo Cruz last August 1987.

Bishop Tobias also submitted documents from Atty. Tecson, Chairman of a human rights organization in Zamboanga del Sur. In one document, it was reported that some traders from Misamis Occidental and Zamboanga del Sur were victims of robberies and extortions committed by Kuratong Baleleng members headed by a certain Unkoy Parohinog, whose criminal activities the local government officials were unable to stop or control. 12/

4. Tadtads also operated in areas in Dumalinao, San Miguel and Dimataling in Zamboanga del Sur according to testimonies of Fr. Meagher. Harassments, deaths, detentions and extortions were attributed to the Tadtad members whose operations are known to the military. Because these Tadtad members are well armed, people are afraid of them. In the town of San Miguel, people evacuated their homes in the evenings. Fr. Meagher claimed that the complaints submitted to both civil and military were useless because the authorities often say that the vigilantes are not under their control.

Fr. Meagher also recounted Kuratong Baleleng operations in Lawos, Ozamiz City. The members were publicly known as notorious criminal elements and were heavily armed. The documentation submitted claimed that the Kuratong Baleleng members operated with the consent and support of military, police and local authorities. 13/

5. Mrs. Lolita Dellosa, a teacher who with others sought refuge in Manila, appealed for the arrest of the vigilante groups in La Paz, Leyte, headed by one Chief Angelo Marcos. The vigilante members were known ex-convicts and criminal elements. Mrs. Dellosa claimed that the homes they left behind were ransacked and their belongings including their clothes were taken. "Hanggang dito sa Maynila may mga vigilante na sinusundan kami," Dellosa stated. "At saka natatakot nga kami dahil nang pumunta ang mga pulis dito, pinagkukunan kami ng litrato, isa-isa. Hanggang dito takot pa rin kami," Dellosa said.[14/] Her fears were not unfounded. For she was soon arrested, charged with subversion, and detained in Cebu for sometime.

6. Ramon Mamolo, one of the refugees and member of the Sangguniang Bayan of Javier, Leyte, narrated his experiences with Alsa Masa members. He and his wife were riding a motorcycle when fired upon. Neither of them were hit but since then Mamolo said he had not gone back to Javier in Leyte. Asked by the Committee Chairman how he [Mamolo] was able to identify those who shot at him and his wife, Mamolo said he knew the members because Barangay Binoloc and Barangay Laray were only two kilometers away from each other. Mamolo said he often saw those persons.[15/]

7. Mr. Arnel de Guzman submitted a summary of the excesses of vigilantes from February 1987 to June 1987 in different parts of the country. De Guzman said at least 67 persons were killed, mostly unarmed civilians. The incidents included the hacking of peasants Loreto Ubod and Lucia Madayan from Guadalupe, Cebu; of labor leader Peter Alderete, a case documented by Amnesty Inter-

national in July, 1987. De Guzman reported cases of salvagings and massacres. For the first semester of 1988, according to De Guzman, right-wing vigilante groups illegally arrested 130 persons, caused the evacuation of 2,291 families or approximately 13,746 persons in harassment operations, committed 31 cases of physical assaults, 3 cases of destruction of properties, and 17 cases of divestments. 16/ [For excerpts of said testimonies, and fact-finding missions reports, and other complaints on vigilante abuses, please see Annexes K, L and M.]

CIVILIAN VOLUNTEER SELF-DEFENSE ORGANIZATIONS [CVSDOs]

From the testimonies given, it came out that the Guidelines on Civilian Volunteer Self-Defense Organizations, or CVSDOs, were not issued in accordance with law. The Chairman of the Committee elicited the admission from the then Secretary Rafael Ileto of National Defense that there is no specific law for them to issue the guidelines, but they thought the functions fall directly under them [the members of a sub-committee on CVSDOs from the Department of National Defense, Department of Local Government and the Commission on Human Rights.] 17/

The then Secretary of National Defense also confirmed, upon questioning of Senator Pimentel's representative [Ms. Daffon], that there was no legal basis for the organization of the vigilante groups, and that the inter-agency committee was not created by an executive order and that the sub-committee recommendations do not have the force of law. 18/

Dr. Maria Serena Diokno observed that the CVSDO guidelines issued by the inter-agency sub-committee on October 30, 1987 were practically the same as the guidelines issued by the then AFP Chief of Staff on April 1, 1987. She noted that one of their sources was P.D. 1016 providing for the CHDF, and then recalled that when Marcos created the CHDF in 1976,"none even believed it would become a monster, like a demon, and that many of the violations were committed by the CHDF." Dr. Diokno bewailed the fact that after "having committed ourselves under the new Constitution to dismantle the CHDF, we are now going to endorse and allow groups like these to exist. I do not want to sound alarmist, but this is taking place all over the country, and they are saying that the fact that people are arming themselves is an indictment against the government; that they did not believe the government is capable of defending them. This is very dangerous. I do not know if vigilantes could be controlled afterwards, after allowing them to proliferate." 19/

Senator Alberto Romulo considered it "appalling that an inter-agency sub-committee under the Republic of the Philippines should continue to use a Presidential Decree [P.D. 1016] which precisely had been the bludgeon and the tool to oppress our people * * *". If PD 1016 has been repealed, even to consider it as a reference is the "height of insensitivity", according to Senator Romulo. 20/

The lack of legal basis for the issuance of the guidelines was underscored by Atty. Arnedo Valera who commented that the references cited in the Guidelines for CVSDOs have no specific provisions for the creation of vigilantes. 21/

Bishop Antonio Tobias was emphatic about the lack of constitutional basis for the organization of vigilante groups. [22]

[For relevant testimonies on CVSDO guidelines and reactions thereto, please see Annexes N and O.]

[For newspaper editorials, comments of columnists and articles of journalists, statements of concern, position, protest, appeal and call for action, please see Annexes P, Q, R and S.]

FINDINGS

The Committee evaluated complaints made in person or by affidavits, as well as reports submitted by those invited to testify. It examined and cross-examined the witnesses. Newspaper editorials, relevant comments and articles of respected columnists and journalists, and statements of concern here and abroad, were reviewed for the insights given on the vigilante phenomenon, their so-called "spontaneous proliferation" and alleged abuses and human rights violations of some vigilante groups and members. Other materials submitted to the Committee were considered as additional inputs for the objectives of the committee inquiry in aid of legislation.

The Committee submits the following findings:

I. ON THE ORGANIZATION OF VIGILANTE GROUPS

1. The claim that the growth in number of vigilante groups was due to "spontaneous proliferation" is rendered dubious. Government civilian and military officials admit that vigilante groups were initiated or organized for counter-insurgency more than for self-defense.

The record of complaints and accusations against many of the recorded vigilante groups point to a trend of escalating human rights violations against innocent civilians. This is attested to by signed statements and affidavits of the victims and their witnesses which were submitted not only to the Committee but to other government bodies like the Commission on Human Rights, Department of National Defense, Department of Local Governments, National Security Council, etc. This record involves well-documented cases, several of which are complete with firsthand testimonies and evidences of grave human rights abuses comparable to those committed under the Marcos regime.

The existence and operations of many vigilante groups subject the local population to a grip of paralyzing, debilitating fear that greatly hampers their ability to work for their livelihood and the welfare of their families and communities. Such fear also prevents them from exercising their constitutional right to organize and collectively solve their community problems.

The existence and operations of vigilante groups cause the disruption of self-reliant communities, thereby nipping in the bud, if not stunting, the flowering of people's power in the barangays which aim at socio-political-economic upliftment of local conditions.

The organized "proliferation" of vigilante groups was deplorable considering that the new Constitution already directed the dismantling of private armies and other armed groups and the dissolution of all paramilitary units including the CHDF. The Constitution provides that private armies and other armed groups not recognized by duly constituted authority shall be dismantled and all paramilitary forces including the Civilian Home Defense Forces not consistent with the citizen armed force established therein shall be dissolved or, where appropriate, converted into the regular force. [Article XVIII, Sec. 24].

2. Certain police and military personnel use vigilante groups and their members to perform police and military activities such as armed patrols, manning of checkpoints, and in search and seizure operations.

The responsibility for the maintenance of peace and order and the operation of the counter-insurgency campaign should be entrusted to police and military personnel who are responsible, well-trained and disciplined. Unable to discipline the vigilante groups, the military and the police authorities would appear to abnegate their duties to protect the lives and properties of the citizens and entrust the responsibility to local government officials. Gen. Alfredo Lim, of the WPD, had rejected the vigilante solution. He said he did not want civilians "fighting our battles for us" and that allowing them to take over the responsibility is an admission on the part of the police and military that they are inutile and might as well hand in their badges. [Manila Journal, April 16, 1987; see also Annex C, p. 12].

3. Many members of the vigilante groups are armed and some even carry high-powered firearms.

Certain military officers allowed members of vigilante groups to carry high-powered firearms in violation of existing law. Presidential Decree No. 1866 makes it a crime for any person, civilian or military, who shall issue authority to carry firearms and/or ammunition outside of his residence without prior authority therefor.

4. Many of the members of some vigilante groups are also members of the Civilian Home Defense Forces.

Some vigilante groups and the CHDF are similar; they are practically one and the same. As pointed out by the Philippine Daily Inquirer in its Editorial "SAME DOG, NEW COLLAR" on June 7, 1987:

> "Despite the many atrocities that have been attributed to the defunct CHDF — and its equally notorious predecessors, the ICHDF and the BSDU — few abusive militiamen have been hauled off to court, much less imprisoned. Hardly any official record exists by which the administration can determine those ex-CHDF personnel who don't deserve to be mustered into the new militia. Because of this critical oversight and considering President Aquino's assurance * * * that only upstanding members of local communities would be allowed to join the citizens' army, it obviously would have been wiser for the authorities to deny former CHDF, ICHDF and BSDU personnel membership in the new militia. After all, it has often been remarked, particularly by the authorities themselves that a few 'rotten apples' can so easily discredit the entire organization. By barring former Marcos militiamen, the administration would have made a clean break from the abusive paramilitary units of the past, and have given a truly fresh start for the citizens' army. But evidently this is not to be so. By swallowing hook, line and sinker the urgings of certain advisers of hers, the President may have unwittingly become a party to the fitting of a new collar on the same fierce old cur that is the CHDF." [Please see Annex T].

The Chief Justice of the Supreme Court, Claudio Teehankee, significantly warned that if the vigilante phenomenon got out of hand, the vigilante groups would be no better, and could be worse, than the dreaded secret marshalls of the previous repressive regime who ran up a record body count of 160 alleged holdup men in less than two years. [Manila Journal, April 16, 1987; see also Annex E.

5. Vigilante groups became notorious because some of their leaders and members are police characters with criminal records.

II. ON THE SUB-COMMITTEE THAT ISSUED THE CVSDO GUIDELINES

1. The inter-agency sub-committee that issued the CVSDO guidelines was not duly constituted and had no authority to issue said guidelines, which act, by its very nature and effect, would require the exercise of legislative power.

It is the province of the legislature to prescribe general rules for the government of society. The essentials of the legislative function is the determination of the legislative policy and its formulation and promulgation as defined and as binding rules of conduct. [Occeña vs. Commission on Election 95 SCRA 735]. Public officials and administrative authorities must exercise only power and authority granted by statute. [Radio Communications of the Philippines, Inc. vs. Santiago, 58 SCRA 493]. The guidelines laid down general rules and regulations. The sub-committee did not have that rule-making authority — rule-making meaning a legislation on the administrative level, i.e., legislation within the confines of the granting statute as required by the Constitution and its doctrine on non-delegability and separation of powers. [Central Bank vs. Cloribel, 44 SCRA 307]. The Revised Penal Code prohibits any public officer to encroach upon the powers of the legislative branch of the Government, either by making general rules or regulations beyond the scope of his authority, or by attempting to repeal a law or suspend the execution thereof. [Revised Penal Code, Art. 239].

III. ON THE GUIDELINES ISSUED FOR CIVILIAN VOLUNTEER SELF-DEFENSE ORGANIZATIONS (CVSDOs)

1. The guidelines issued on October 30, 1987 by a self-appointed sub-committee on CVSDOs composed of the then Secretary of National Defense, the Acting Secretary of Local Government, and the Acting Chairman of the Commission on Human Rights, appear to have been based on an earlier set of guidelines dated April 1, 1987 issued by the then Chief of Staff of the Armed Forces of the Philippines, to fill up an expected vacuum created by Executive Order No. 275 providing for the dismantling of paramilitary, CHDF and other armed groups pursuant to Section 24, Article XVIII, of the Constitution.

2. The guidelines are incomplete and inadequate as there are no clear provisions on the operations, control and supervision of vigilante groups as well as in their basic training, which leaves much to be desired in terms of accountability, military responsibility and strategy in case of an enemy attack on a community. These deficiencies were admitted by Secretary Ileto in answer to questions by Senator Juan Ponce Enrile. [Please refer to testimony of Secretary Ileto in Annex M hereof]. There were contradictory statements on the nature, organization, and objectives of vigilante groups.

3. The argument that the guidelines were issued "on the basis of the fundamental concept of the inherent rights of citizens, singly or collectively, to self defense", is untenable considering the nature, organization, composition, purpose of the groups, and their reported abuses. As observed by Fr. Joaquin

Bernas, S.J., in his Manila Bulletin column of December 12, 1987, the argument in support of the guidelines drawn from the right of self-defense would be unassailable if it merely involved a question of individual self-defense. However, according to Fr. Bernas, what is involved in the guidelines is associational self-defense.

> "The argument from the right to form associations would also be unassailable if the Constitution itself did not put down the restrictions on the type of associations that are in issue. But this is where the problem lies. Executive circles seem to focus only on constitutional provisions which support a preferred government position and pass in silence over what militates against the government position. In the guidelines controversy, Article XVIII, Section 24, which is a specific limitation on associational self-defense is being conveniently ignored.
>
> "Article XVIII, Section 24 contains two limitations on associational self-defense rights:
>
> "First, private armies and other armed groups not recognized by duly constituted authority shall be dismantled. This might not be applicable to armed groups that hide behind the skirt of the guidelines.
>
> "Second, all paramilitary forces including the CHDF not consistent with the citizen armed force established in this Constitution (Article XVI, Section 4) shall be dissolved or, where appropriate, converted into the regular force. Thus, this provision prohibits the conferral of government blessing on any armed group no matter how legitimate it looked on its face. This prohibits what the guidelines bless. Government should dissolve armed self-defense groups or convert them into the regular armed force, not bless them or tolerate them. The guidelines, on the contrary, acknowledge their existence and encourage their growth instead of dissolving them. It is difficult to reconcile such blessing and encouragement of what is prohibited by the Constitution with the President's duty to 'ensure that laws be faithfully executed.'

> "The citizen armed force envisioned in Article XVI, Section 4, is intended by the Constitution to be one answer to the problems vigilante groups are seeking to answer. The citizen armed force, however, will be different from the vigilante groups blessed by the guidelines in that they would consist of members who are professionally trained and answerable to military discipline. Because of the unfortunate experience the nation has had with paramilitary forces, the constitutional command is that the form and shape of the citizen armed force should be prescribed by law. Unfortunately, however, no such law as yet exists. The executive and legislative departments instead of encouraging what the Constitution prohibits must get together to hammer out a law on the citizen armed force." [Please see Annex U].

The guidelines, in any event, are not being implemented or followed.

IV. ON THE PEACE AND ORDER COUNCILS

The use of the Peace and Order Councils as instruments for counter-insurgency may not prove beneficial to the people as it appears that civilians could directly be employed in the conduct of military affairs.

Executive Order No. 309 dated November 11, 1987 reorganizing the Peace and Order Councils provides in Section Two thereof that the Peace and Order Councils at the national level shall be responsible for the following functions:

> * * *
>
> (b) To coordinate and monitor * * * the operation of Civilian Volunteer Self-Defense Organizations and such other counter-insurgency programs and activities.
>
> * * *

and, pertinently, Section Three provides that the Regional, Provincial and City/Municipal Peace and Order Councils shall have the following duties and functions:

> * * *
>
> (b) To monitor the implementation of * * * the operations of Civilian Volunteer Self-Defense Organizations and such other counter-insurgency programs and activities.
>
> * * *

There is strong apprehension that the Peace and Order Councils may be wittingly and unwittingly used to legitimize armed vigilantes and other paramilitary groups in the country, in violation of the Constitution for, as it is shown herein, the CVSDOs have no legal basis, and the inter-agency sub-committee that issued it had no legal authority whatsoever. It must be noted that even under the previous regime, civilian government officials were directed to involve or participate actively only in the non-military aspects of counter-insurgency operations [LOI 1435 dated October 31, 1984].

V. ON HUMAN RIGHTS VIOLATIONS

Countless violations of human rights have been attributed to some vigilante groups and their members who were accused of abuses, excesses and atrocities.

Human right violations particularly criminal acts attributed to some vigilante groups and their members have caused deaths, physical and mental cruelties, destruction of property, and deprivation of civil and human rights. These were more acutely suffered by the poor and the helpless inhabitants in the rural and even in certain urban areas.

RECOMMENDATION

I

DISMANTLE VIGILANTE GROUPS.

II

ENACT A LAW TO ESTABLISH THE CITIZENS ARMED FORCE AS PROVIDED IN THE CONSTITUTION, RECALL THE GUIDELINES ON THE CIVILIAN VOLUNTEER SELF-DEFENSE ORGANIZATIONS, AND PROHIBIT THE USE OF CIVILIANS IN THE CONDUCT OF MILITARY AFFAIRS EVEN UNDER THE REORGANIZED PEACE AND ORDER COUNCIL [EXECUTIVE ORDER NO. 309 DATED NOV. 11, 1987].

III

ENACT A NEW NATIONAL DEFENSE ACT REMOVING FOREIGN INFLUENCES IN THE EXISTING LAW [COMMONWEALTH ACT NO. 1] WHICH WAS ENACTED UNDER COLONIAL PRESSURES, INCORPORATING THEREIN CONSTITUTIONAL PROVISIONS STRENGTHENING THE PATRIOTIC SPIRIT AND NATIONALIST CONSCIOUSNESS OF THE MILITARY, ENJOINING RESPECT FOR PEOPLE'S RIGHTS IN THE PERFORMANCE OF THEIR DUTY, INSULATING THE ARMED FORCES FROM PARTISAN POLITICS, AND A CONTINUING PROGRAM FOR THE DEVELOPMENT OF THE ARMED FORCES OF THE PHILIPPINES AS A FILIPINO, NATIONALISTIC, STRONG, DEPENDABLE, AND SELF-RELIANT ARMED FORCES.

IV

PROSECUTE VIGILANTE MEMBERS WHO HAVE COMMITTED HUMAN RIGHTS VIOLATIONS AND OTHER CRIMINAL ACTS.

V

DIAGNOSE AND COMBAT THE ROOT CAUSE OF INSURGENCY. DECISIVE POLITICAL AND ECONOMIC SOLUTIONS ARE THE BEST ANTIDOTES TO INSURGENCY. MORE FOOD, MORE JOBS, MORE FREEDOM AND MORE JUSTICE ARE OUR BEST ANSWER TO INSURGENCY.

*** *** ***

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Member

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Member

MAMINTAL A.J. TAMANO
Member

March 18, 1988

FOOTNOTES

1/ TSN, Hearing Nov. 3, 1987, p. 1 (Alavazo).

2/ TSN, Hearing Nov. 3, 1987, p. 4 (Beniga III).

3/ TSN, Hearing Nov. 3, 1987, pp. 1-2 (Caturla); see Annex F.

4/ TSN, Hearing Jan. 13, 1988, p. 4 (Beniga I); p. 1 (ANP I).

5/ TSN, Hearing Jan. 13, 1988, p. 2 (ANP I); see also Annex G.

6/ TSN, Hearing Dec. 2, 1987, p. 3 (Bonilla I).

7/ Id., p. 3; see also Annex H.

8/ TSN, Hearing Nov. 3, 1987, p. 2 (Caturla); see also Annex F.

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STATEMENT OF KEITH GINGRICH, ACTING DIRECTOR, MENNONITE CENTRAL COMMITTEE

SITUATION IN SUDAN

Senator INOUYE. The next witness is the Acting Director of the Mennonite Central Committee, Mr. Keith Gingrich.

Mr. GINGRICH. Mr. Chairman, I appreciate very much the opportunity to share with you briefly on behalf of the Mennonite Central Committee a number of concerns with reference to the Sudan.

I would like to draw attention to some of the human suffering there, human rights concerns that we have, and make a call for denial of the administration's request for military aid to Sudan.

Mennonite Central Committee is made up of the Mennonite and Brethren in Christ Churches in North America. They began in the 1920's and now have about 500 workers overseas. We have 12 workers currently in the Sudan. These people are seconded to the Sudan Council of Churches.

My family and I served in Sudan in the south, based in Juba, for 7 years from 1978. It was during that time that we were involved in helping to rehabilitate, along with the churches there, following the 17-year civil war that Sudan had gone through from 1956 to 1972, getting to know some of the Sudanese personally.

It is very tragic indeed to see that the country is now going through another civil war. Former President Nimeiri was held in high esteem by the southerners for helping to end that first 17-year conflict originally during his term. However, by 1983 he had essentially abrogated the Addis Ababa accord by dividing the south into three separate regions and promulgating the September laws, which is an Islamic penal code known as Sharia law.

One might note parenthetically that the current government, because of its refusal to dispense with this Sharia law, has only helped to propagate in many ways the distance between itself and the Southern Sudanese People's Liberation Army, or SPLA.

During the latter part of Nimeiri's regime, these actions caused the majority of southerners to see the north's historic efforts at political and economic domination. Of course, Mr. Chairman, this is rooted deeply in the cultural divide between the Arab north and the black African south.

The situation has deteriorated considerably since 1985, when we left the Sudan, and very much so over the past 6 months. The Prime Minister in a letter to a number of Representatives and Senators in March himself has noted that up to 1.7 million of the southerners had moved into the northern region. There are 300,000 who have gone to southwest Ethiopia as refugees.

There are perhaps, according to his letter, up to 50 percent of the southern population have moved to the major urban centers in south Sudan.

Though the world has not learned of their plight, southern Sudanese now face a destitute condition comparable to that of the Ethiopians in 1984 and 1985. The fact is there is virtually no access to southern Sudan these days. These people suffer and die in silence.

May 9, the committee reported that 80 percent of the population of the south had fled their villages or homes. 300,000 have trekked for months into Ethiopia, arriving in incredible conditions, with as many as 20 percent estimated having died along the way.

We continue to get reports from friends who are living in Juba, and just this morning I received a report from the Catholic bishop in Tourritte, which is down in the far south of southern Sudan, in which he says:

> I have made many appeals to the government for air drops for food, but I have received a dead ear. Where shall we go? Who will hear us here in southern Sudan?

The whole world speaks of South Africa while Sudan is a worse country than South Africa, and probably nobody speaks for it. Thousands of innocent people are dying.

In this connection, we would like to just highlight the fact that there have been some serious human rights abuses in the context of the civil war in the last 2 or 3 years. We know that there are infractions on both sides, but we condone neither.

There is evidence that the government has directly or indirectly inflicted serious human rights abuses upon civilians. Most of this has been done through its apparent practice of arming traditional enemies of the southerners, in particular enemies of the Dinka tribe.

These militia raid southern villages, often killing the men and taking hostage women and children. In some cases, children are apparently sold or bartered, boys sold for $240 and girls for $160.

In an article entitled "Khartoum loses its grip" in 1988, the periodical "South" reports:

> It is a dirty war now because the inhabitants of the south are being killed, executed, a Sudanese official said. General Mohamed Zein el Abdein, chief of military operations, acknowledged that incidents of brutality and atrocity in Sudan's 5-year bush war were on the increase.
>
> The el-Abdeen massacre of last year in March, where 1,000 or more civilians were killed, is the best documented case of major human rights abuses.

But in December of this year, the "African Accord" paper reported that the government has resisted calls to set up a judicial inquiry into this matter.

A less, well-documented, human rights situation occurred in Wau, one of the three major towns in the south, during 1987, during which time thousands of civilians were killed through what appears to have been a combination of militia abuse and atrocities allowed, if not sanctioned, by individuals within the government military forces.

Two medical doctors working in Wau during 1987 have documented a number of atrocities. Their report is based upon personal and other eyewitness accounts which detail abuses and torture, in which civilians were machine gunned down by the hundreds, and 62 persons were gassed to death, just to mention two of some 25 different incidents covered in this document.

Indeed, the "South" magazine reports again:

> Grisly reports from reliable witnesses tell of army tanks crushing buildings as they pursued fleeing Dinkas.

The two examples cited above are more than sufficient to confirm the seriousness of the human rights infractions. Under these circumstances, Mr. Chairman, and taking into account the overall situation created by the civil conflict in Sudan, we believe that providing military aid to Sudan would be both morally unacceptable and counter to the interests of the United States in finding a negotiated settlement to the conflict.

Military aid has decreased rapidly over the years to this year, when there is no military aid. Our administration is requesting $6 million again for next year. We are aware of the perceived importance of Sudan in the geopolitical interest of our government and the arguments in support of military aid.

Mr. Chairman, in principle we are opposed to military aid as a form of foreign assistance to governments. In particular, we object to our government providing such assistance in the situation where human rights concerns weigh as heavily as they do.

We believe that human rights provisions within the foreign aid bill should be an overriding factor in this consideration. We are supported in this instance both by church leaders within Sudan and by numerous church bodies here in the United States.

When calling on our own government to continue withholding military assistance, we urge both the Sudanese government and the SPLA to respect the human rights of civilians and to work toward a peaceful resolution to the conflict.

In conclusion, I want to note that our concern, Mr. Chairman, is for the people of Sudan, all of the people, to permit them to attain basic human rights, to provide opportunity for international organizations to assist in meeting desperate human needs, and to attain a speedy and just resolution to the conflict.

We do not believe that resuming military aid will further the causes of these concerns. Rather, we call upon our government to give Sudan a higher place in its foreign affairs agenda by taking all possible steps, preferably through Third World parties, to assist the Sudanese toward peaceful resolution of a conflict which costs half a million dollars a day, and is taking thousands of human lives.

Thank you, Mr. Chairman.

Senator INOUYE. Well, I thank you very much, Mr. Gingrich. You have been very helpful.

Very few of us have ever been to the Sudan. It is not one of those favorite watering holes for members of Congress. So any information we can get for the record from those areas is most helpful to us.

I thank you very much, sir.

[The prepared statement of Keith Gingrich follows:]

Testimony by Mr. Keith E. Gingrich

Acting Director
Mennonite Central Committee
U.S. Peace Section
Washington Office

Mr. Chairman, I appreciate the opportunity extended by your subcommittee to share, on behalf of the Mennonite Central Committee (MCC), several concerns about the current situation in Sudan. My objective in doing so is: (1) to highlight the human suffering now taking place in Sudan and about which there is next to no U.S. press coverage to date; (2) to draw attention to the grave human rights concerns as seen in the context of the civil war; and (3) to call for denial of the Administration's request for military aid in FY 1989.

INTRODUCTION

MCC is the service arm of the North American (U.S. and Canadian) Mennonite and Brethren in Christ churches. It is among the oldest relief and development agencies in the U.S. MCC began in the 1920s through efforts to provide wheat to starving Mennonites in Russia. It now operates in 50 countries with a team of 1000 workers, 500 of whom serve outside North America in a wide variety of relief and development programs, primarily in Africa, Central/South America, Asia and the Middle East.

Since 1972 MCC has placed between 5 and 15 personnel in Sudan, seconded to the Sudan Council of Churches and other institutions. We currently have 12 workers in northeast Sudan working with Ethiopian refugees. For security reasons we have had no workers in the south since December 1987.

CIVIL WAR (1955-1972)

In 1978 I went to southern Sudan with MCC where I was involved with relief and development programs. Having worked in Nigeria for five years in the late 1960s, on my arrival in Sudan I could not help but make comparisons between the development status of these two countries.

I recall how difficult it was to understand why southern Sudan was so much less developed than Nigeria, even comparing the Sudan of 1978 with the Nigeria of 1968. But of course, on reflection, there was an easy but painful answer—southern Sudan had, until six years earlier, experienced a 17-year long civil war. (Although the war had ended in 1972, the casual observer could still sense the continued underlying animosities between northerners and southerners). During that war tens of thousands of people died and the minimal infrastructure in the south collapsed. Having worked for seven years at rehabilitation and development efforts and having made many close friends while in Sudan, it is tragic to see that country moving into its sixth year of a second round of civil war.

CIVIL WAR NO. 2 (1983-)

The first civil war ended in 1972 through a leading mediation role by the World Council of Churches. Until the early 1980s, then President Nimeiri was held in high esteem by southerners for his peaceful settlement of the conflict that gave the south semi-autonomy. However, by 1983 Nimeiri had essentially abrogated the Addis Ababa Peace Accord by dissolving the southern Assembly, decreeing the division of the south into three separate regions, and in 1983, promulgating the "September Laws." These "Laws" transformed Sudan from a secular state by introducing Sharia Law (an Islamic code of penalties for lawbreaking). Nimeiri's later attempt to replace the entire secular constitution with one based on Islamic principles was, however, thwarted by the National Assembly.

One should note, parenthetically here, that the failure of the Khartoum government, since Nimeiri's overthrow in April 1985, to dispense with Sharia Law is at the heart of the Sudanese Peoples' Liberation Army's (SPLA) concern.

In fact it is reported that Sharia Law will be reinstated soon by the recently formed new coalition government which now includes the National Islamic Front (Muslim Brothers). Should this be the case, prospects for peace talks with the SPLA become still more complex if not impossible.

Let us now return to our brief review of the causes for the current conflict. A majority of southerners interpreted former President Nimeiri's actions as the north's historic efforts at political and economic domination. The old and deep-rooted cultural divide (with religious and ethnic overtones) between the predominantly Arab (Moslem) north and Black African (Christian and Animist) south had once again surfaced.

Sporadic military encounters commenced in 1983 between the newly formed SPLA, led by Col. John Garang, and the government troops. Over the next two years fighting effectively disrupted life throughout 50% of the south (with a population of 6 to 7 million; one-third of the country in terms of both population and land mass). Some 75% of the development programs in the south had to be closed down by mid-1985 for security reasons.

CURRENT SITUATION

The situation has gradually worsened since 1985 with a vast deterioration over the past six months. The SPLA holds sway over 80% of the south and all but besieges the three major towns -- Juba, Malakal and Wau. A military stalemate exists in which neither side can meet their objectives through violent force. Even if the SPLA should "take the south," it will be unable to win militarily in the north. The SPLA demands are not for autonomy but for a secular constitution, shared political power at the center and a fair share of the social and economic development.

Though the world has not learned of their plight, according to reports, the southern Sudanese now face a destitute condition comparable to or surpassing that of the Ethiopians in 1984-85. The fact is, there is virtually no access to southern Sudan these days. These people suffer and die in silence.

SOUTHERNERS UPROOTED

On May 9, 1988 The Guardian reported that 80% of the population in the south have fled their home areas due to the war. Hundreds of thousands have swelled already overburdened southern towns. Over 300,000 have trekked for months into southwest Ethiopia arriving in incredible conditions with as many as 20%

estimated to have died along the way. Nearly two million have moved into northern Sudan, including the Khartoum area.

Since the fall of 1987 more than 10,000 Sudanese refugees per month have fled into Ethiopia. Four camps in the middle of the bush and six days by truck from the nearest source of supplies are the homes of these desperate people. An unusually high percentage of these refugees are boys and young men escaping attack by the "militia" (traditional enemies of the southerners equipped by the Sudanese government with modern weapons) and conscription. A May 1, 1988 New York Times article, in quoting a relief worker, says, "A lot of the boys are nothing more than skin and bones when they arrive."

VOICES FROM JUBA

A Sudanese friend and leader in the Episcopal Church of the Sudan, living in Juba, writes in a letter dated April 10, 1988 --

> "We are not okay at all in the Sudan with this war being fought in the country. People are killed, robbed, displaced and starved to death. Every morning one gets up one finds people at the door not asking for but demanding food. One is rendered helpless. Every night you hear shooting around Juba of all kinds of guns."

Or again these words from an expatriate (former colleague) who wrote from Juba on April 17, 1988 --

> "Meanwhile the war goes on. Even as I write another outbreak of machine-gun fire has just started, somewhere on the outskirts of town.... Many casualties are being brought into Juba from the other side of the river, either from the fighting or from being blown up by foot-mines. The other day I was visiting a friend, a former student of mine. While we were chatting, someone arrived and called her out of the room. She came back looking stricken -- the news had just come that two of

her brothers had just been blown up by a landmine, in one of the villages."

HUMAN RIGHTS ATROCITIES

Human rights concerns are of major importance in the context of this conflict. Again there is very little, if any, public awareness of atrocities perpetrated upon civilians. We know there are infractions on both sides and we condone neither. However, there is growing evidence that the government has directly or indirectly inflicted serious human rights abuses upon civilians in the south. Much of this is done through its apparent practice of arming traditional enemies of the southerners (in particular enemies of the Dinka tribe).

In the name of righting old wrongs these "militia," according to reports, raid southern villages, often killing the men and taking hostage women and children. In some cases children are apparently sold or bartered in what has become a revitalized slave trade business. (One worker in Sudan reports that hundreds, even thousands of young people are taken from the south. Most of them are children, ages 8 to 15 whose parents have been killed in the fighting. They are sold in the north and fetch about $240 for a boy and $160 for a girl.) There is no way to determine the number of people killed or children maligned through such raids upon civilians (or so-called "sympathizers" of the SPLA).

In an article entitled "Khartoum Loses Its Grip," the May 1988 edition of the periodical South reports, and I quote: "It's a dirty war now because the inhabitants of the south are being killed, executed, a Sudanese official said. General Mohamed Zein el-Abdeen, chief of military operations, acknowledged that incidents of brutality and atrocity in Sudan's five-year bush war were on the increase."

For several years the government has equipped these militia, over whom there is virtually no control. This practice is flooding the rural hinterlands with automatic weapons and arms that will insure terrorism against innocent civilians for years to come.

AL DIEIN AND WAU MASSACRES

The Al Diein (Southern Kordofan) massacre of March 28-29, 1987 where 1,000 or more civilians were killed by the Reziegat (Arab) tribal peoples is the best documented case of major human rights abuses. Two Arab professors at Khartoum University have done an extensive study of this incident (including the matter of slavery). But the December 1987 issue of African Concord reports the government has resisted calls to set up a judicial inquiry into the affair. A less well documented human rights situation occurred in the Wau area (Southeast Sudan) during 1987 over which time thousands of civilians were killed through what appears to have been a combination of "militia" abuse and atrocities, allowed (if not sanctioned) by individuals within the government (military) forces. Two medical doctors working in Wau during 1987 have documented a number of these atrocities, about which there have been veiled reports for some months now. This report is based upon personal and other eyewitness accounts which detail abuses and torture in which civilians were machine-gunned down by the hundreds, and 62 persons were gassed to death, to mention just two of some 25 different incidents covered in this document. In this regard, the May 1988 copy of South reports on the Wau massacres by quoting a western official -- "About 10 people are being summarily executed every day in Wau." It goes on to say that, "Grisly reports from reliable witnesses tell of army tanks crushing buildings as they pursue fleeing Dinkas."

U.S. MILITARY AID

The two examples cited above are more than sufficient to confirm the seriousness of human rights infractions. Under these circumstances and taking into account the overall situation created by the civil conflict in Sudan, we believe that providing military aid to Sudan would be both morally unacceptable and counter to the interests of the U.S. in finding a negotiated solution to the conflict.

Military aid to Sudan has decreased in recent years from $101 million in FY

1982 to zero in FY 1988. Now the Administration is again requesting $6 million in military aid ($5 million MAP and $1 million IMET) for Sudan in FY 1989. We are aware of the perceived importance of Sudan to the geo-political interests of our own government and the arguments in support of military aid for Sudan.

Mr. Chairman, in principle we are opposed to military aid as a form of foreign assistance to other governments. In particular we object to our government providing such assistance in a situation: (1) in which human rights concerns weigh as heavily as they do in this instance; and (2) in which our own government would hope to help mediate in a situation that can not be resolved militarily. We believe the human rights provisions within the foreign aid bill should be an overriding factor in the consideration for military aid in this instance. We are supported in this stance both by church leaders within the Sudan and by numerous church bodies (Catholic and Protestant) here in the United States. When calling on our own government to continue withholding military assistance, we urge both the Sudanese government and the SPLA to respect the human rights of civilians and to work toward a peaceful resolution of this conflict.

CONCLUSION

Mr. Chairman, in conclusion I want to note that our concern is for the people of Sudan:

(1) to permit them to attain basic human rights

(2) to provide an opportunity for international organizations to assist in meeting desperate human needs in the south and elsewhere in the country, and

(3) to attain a speedy and just resolution of the conflict by a **negotiated** settlement.

We do not believe that resuming military aid to Sudan in FY 1989 will further the causes of these concerns. Rather we call upon our government to give the Sudan a higher place on its foreign affairs agenda by taking all possible steps, preferably through third parties, to assist the Sudanese towards peaceful resolution of a conflict which costs at least half a million dollars a day and is taking thousands upon thousands of human lives.

AMERICAN HUNGARIAN FEDERATION

STATEMENT OF DR. Z. MICHAEL SZAZ, SECRETARY OF INTERNATIONAL RELATIONS, AMERICAN HUNGARIAN FEDERATION

HUMAN RIGHTS IN ROMANIA

Senator INOUYE. Our next witness is Dr. Z. Michael Szaz, Secretary of International Relations, the American Hungarian Federation.

Mr. SZAZ. A Transylvanian writer from Budapest sits with me. He does not speak English, but I can translate for him.

Senator INOUYE. He is always welcome.

Mr. SZAZ. May I ask that my statement be read into the record in full, because I will try to shorten it.

Senator INOUYE. Without objection, the full statement is already made part of the record.

Mr. SZAZ. Also I would like to include two letters circulating in the House and Senate by Congressman Feighan and Senator Larry Pressler on this subject. Here is Senator Pressler's letter.

Senator INOUYE. It will be made a part of the record.

Mr. SZAZ. And here is a letter by Congressman Feighan.

[The information follows:]

Congress of the United States
House of Representatives
Washington, DC 20515

May 24, 1988

REFUGEES IN HUNGARY

Dear Colleague:

As you may know, large numbers of Transylvanian Hungarians and Romanians have recently fled Romania to live in Hungary -- the result of atrocious human rights policies and the harsh oppression of nationalities practiced by the Romanian government.

The Hungarian government, already facing grave economic difficulties, has been overtaxed by the influx of these refugees. If you would like to sign the letter to Secretary of State George Shultz shown below, urging him to recommend the use of available funds under the emergency relief provisions of the Foreign Assistance Act of 1987, please contact Ann Satchwill of my staff at x5-5731.

Sincerely,

EDWARD F. FEIGHAN
Member of Congress

The Honorable George Shultz
Secretary of State
Department of State
2201 C Street
Washington, D.C. 20520

Dear Secretary Shultz,

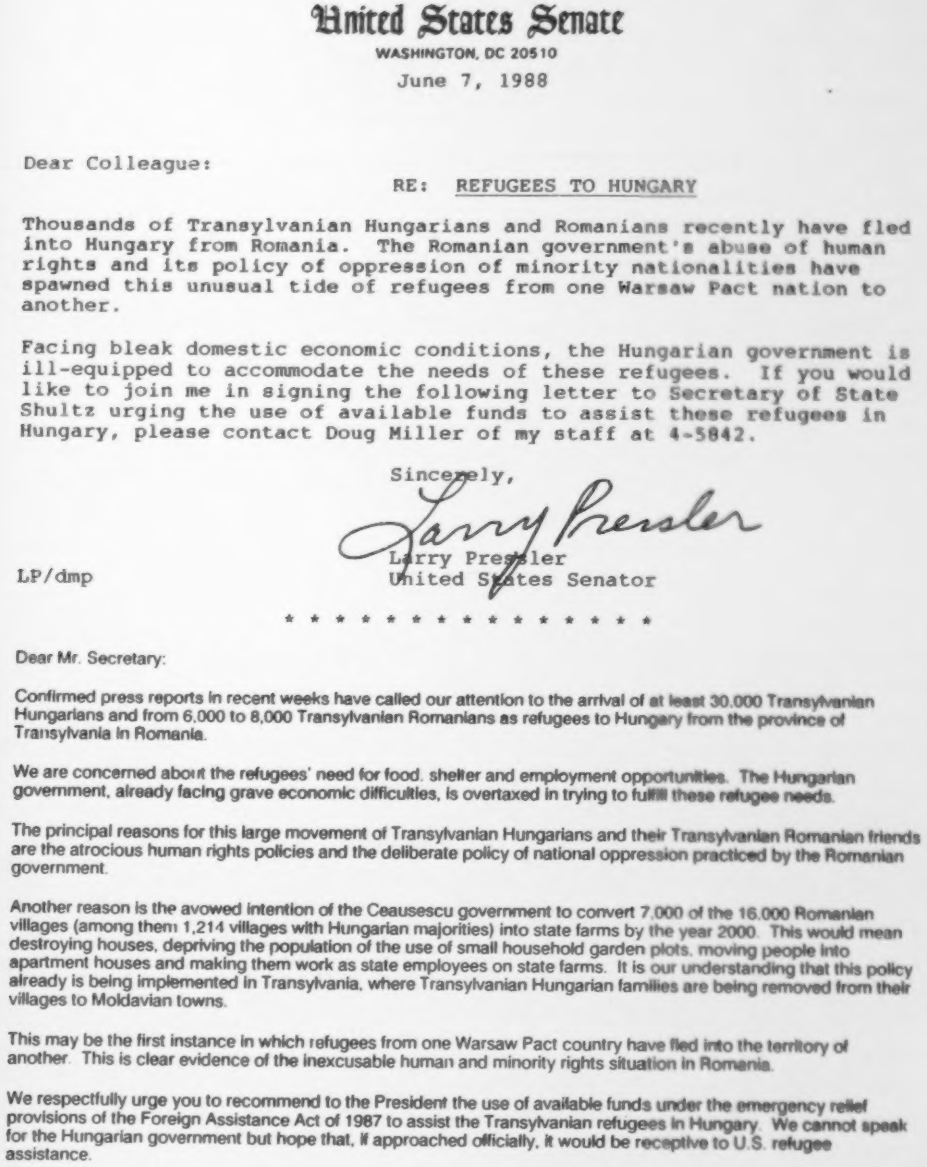
Recently, as many as 30,000 Hungarians and 8,000 Romanians have become refugees in Hungary -- after fleeing from Transylvania which now forms part of Romania.

Transylvanian Hungarians and Romanians are leaving Romania because of the atrocious human rights policies and oppression practiced by the Romanian government. The Ceausescu government has avowed its intention to convert 7,000 of the 16,000 villages in Romania into state farms by the year 2000. Among these villages, 1,214 are populated by Hungarian majorities.

This policy of the Romanian government calls for the destruction of houses, depriving the population of the small plots of land surrounding their houses, moving the people into apartment houses, and having them work as state employees on state farms. It is our understanding that this policy is already being implemented in some villages of the Transylvanian Plains, by moving Transylvanian Hungarian families from those villages to Modavian towns.

It is interesting to note that this is the first instance where refugees from a Warsaw Pact country are fleeing into the territory of another, offering clear evidence of the untenable human and minority rights situation in Romania.

We are concerned about the needs of these refugees, including shelter, food, and employment opportunities. The Hungarian government, already facing grave economic difficulties, is overtaxed, trying to fulfill the requirements of these refugees. We respectfully request that you urge the President to make use of available funds under the emergency relief provisions of the Foreign Assistance Act of 1987 in order to assist the Transylvanian refugees in Hungary. Thank you for your help with this urgent matter.



United States Senate
WASHINGTON, DC 20510

June 7, 1988

Dear Colleague:

RE: REFUGEES TO HUNGARY

Thousands of Transylvanian Hungarians and Romanians recently have fled into Hungary from Romania. The Romanian government's abuse of human rights and its policy of oppression of minority nationalities have spawned this unusual tide of refugees from one Warsaw Pact nation to another.

Facing bleak domestic economic conditions, the Hungarian government is ill-equipped to accommodate the needs of these refugees. If you would like to join me in signing the following letter to Secretary of State Shultz urging the use of available funds to assist these refugees in Hungary, please contact Doug Miller of my staff at 4-5842.

Sincerely,

Larry Pressler

Larry Pressler
United States Senator

LP/dmp

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Dear Mr. Secretary:

Confirmed press reports in recent weeks have called our attention to the arrival of at least 30,000 Transylvanian Hungarians and from 6,000 to 8,000 Transylvanian Romanians as refugees to Hungary from the province of Transylvania in Romania.

We are concerned about the refugees' need for food, shelter and employment opportunities. The Hungarian government, already facing grave economic difficulties, is overtaxed in trying to fulfill these refugee needs.

The principal reasons for this large movement of Transylvanian Hungarians and their Transylvanian Romanian friends are the atrocious human rights policies and the deliberate policy of national oppression practiced by the Romanian government.

Another reason is the avowed intention of the Ceausescu government to convert 7,000 of the 16,000 Romanian villages (among them 1,214 villages with Hungarian majorities) into state farms by the year 2000. This would mean destroying houses, depriving the population of the use of small household garden plots, moving people into apartment houses and making them work as state employees on state farms. It is our understanding that this policy already is being implemented in Transylvania, where Transylvanian Hungarian families are being removed from their villages to Moldavian towns.

This may be the first instance in which refugees from one Warsaw Pact country have fled into the territory of another. This is clear evidence of the inexcusable human and minority rights situation in Romania.

We respectfully urge you to recommend to the President the use of available funds under the emergency relief provisions of the Foreign Assistance Act of 1987 to assist the Transylvanian refugees in Hungary. We cannot speak for the Hungarian government but hope that, if approached officially, it would be receptive to U.S. refugee assistance.

ROMANIAN POLICIES OF OPPRESSION

Mr. SZAZ. Mr. Chairman, we are having a new problem. The human rights policies and nationality oppression policies in Romania have been a problem for a long time. It has a lot to do with the end of relationships with Romania.

However, it is not a problem anymore, just of human rights. The situation, at least, was a Hungarian minority, some 2.5 million people in Transylvania has gotten so bad that people are trying to flee by various means from the area, and strangely enough, for the first time, from one country or another into Hungary.

I think I usually call Romania is a hell and Hungary is a pergatory. And at least they are coming in, there are at the minimum 30,000 of them. And Mr. Bartis informs me now that the number is close to 40,000 to 50,000. The situation in Romania is so bad that even Romanians have to leave to Hungary. There are about 6,000 of them in Hungary today.

Now, it is a situation which the Hungarian government recognized very late. Until this time, they either sent the people back to Romania or just let them stay without any status. Thus they are recognizing them as permanent settlers, and the Hungarians are trying to push the Romanians off to the west.

Hungary, thus, has a lot of economic difficulties. I am sure the Senator is aware of it. With the indebtedness with apparent effort to do some reforms, and there are 40,000 or 50,000 extra people.

Now, realize that funds are very tight, and we are looking more for a symbolic contribution. The Hungarian government is already giving $6 million. And we would like to see some kind of a report language saying that the administration should give consideration to the Transylvania refugees in Hungary.

I did talk to the White House. I did talk to various sections from the State Department. There is a basic sympathy. But unless Congress moves in some shape or form, at least with some report language, not much will be done.

I think there is more willingness on the part of the White House and the refugee section of the State Department than there is willingness in the European section of the State Department.

Senator INOUYE. Do you have any suggested language?

Mr. SZAZ. Yes, I do have suggested language. Suggested language can be found on page six, I believe, of my statement.

And it says, it is urged that the administration give special consideration to the needs of the 30,000 ethnic Hungarian refugees from Romania (Transylvania) to Hungary.

Senator INOUYE. And the 30,000 ethnic Hungarians are living in Hungary?

Mr. SZAZ. Yes. Now, Mr. Bartis is here. He is originally from Transylvania. He left Transylvania in 1985. He was expelled by the Romanian authorities.

He was accepted by Hungary, where he works as assistant cultural editor of what is like Life magazine here. He has published many volumes of short stories, poems. He is well known. And he wanted to give you some data on the situation about the refugees.

He said that the last wave of refugees, 40,000 or 50,000 people, has brought lots of difficulties to Hungary, because they need the food, they need the shelter, they need medicine, and they need work opportunities.

Hungary has a housing shortage. He says that it is expected that the influx will increase. There are people coming every day, either illegally or by overstaying their visas. They have to leave some of their family members behind. I think I mentioned in my testimony there are 2,000 children of Romanian parents, and there is difficulty getting the Romanians to release some of their family members.

He said the economic burden will increase week by week or month by month. We do not know how far it will go. We hope it does not go too far. Because it is not in the interest of the Hungarian government to increase any emigration from Romania.

RECESS

Senator INOUYE. Regretfully, I must call for a short recess. We have two votes upstairs. And so if you can wait for 12 minutes, I should be back here.

Mr. SZAZ. Thank you very much.

[A brief recess was taken.]

Senator INOUYE. My apologies for this delay, but we had two votes, and I was scheduled to submit an amendment to one of the measures. So I know you understand. Please proceed, sir.

Mr. SZAZ. Well, I am more or less finished. My recommendation would be the adoption of the report language, that some consideration should be given in allotting the refugees assistance aid, also to these 30,000 or by now 40,000, I think by that time it would be at least 50,000 refugees.

Senator INOUYE. I can assure you that this matter will be brought up and discussed by the committee, and I feel certain that this report language can be incorporated. Thank you for waiting, sir.

[The prepared statement of Mr. Szaz follows:]

TESTIMONY

BY

Z. MICHAEL SZAZ, Ph.D.

SECRETARY OF INTERNATIONAL RELATIONS

AMERICAN HUNGARIAN FEDERATION

Mr. Chairman! The treaties following World War I, reaffirmed in the Paris Peace Treaty of 1946, assigned Transylvania and parts of Eastern Hungary to Romania. Transylvania and the additional territories always had a mixed nationality distribution, but had formed, directly or indirectly, a part of Hungary. Today, about 2.5 million Hungarians live in the territories ceded to Romania. The question was many times before the League of Nations and the International Court of Justice as a result of the violation of the 1919 Minorities Treaty signed by Romania with the Allied Powers. It also served as a powerful catalyst for Hungary's, and later on Romania's, access to the Hitlerite coalition for different reasons. For Hungary, it was the hope, only partially realized, that Axis pressure would result in the return of Transylvania to Hungary. For Romania, it was the German guarantee of 1940 after the Second Vienna Award securing the remaining part of Transylvania to her, extending the hope that if Romania were to become a loyal satellite it might regain the lost part after the war.

Under the Pax Sovietica Transylvania was returned to Romania, basically because at the time of the signing of the Paris Peace Treaty Romania already possessed a communist government while Hungary still had a coalition government dominated by the non-Communist Smallholders Party. American proposals for frontier-rectification were rejected by Moscow. In return, the Soviet Union forced Romania to treat its Hungarians on a basis of equality. It was, of course, an equality in the persecution of Romanians and Hungarians on a class basis, but at least not on a nationality basis.

The conditions of near equality between 1946-1957 started to deteriorate upon the withdrawal of Soviet troops from Romania, a reward to Communist Romania for its steadfast support of the Soviet invasion of Hungary in 1956.

Cultural opportunities, especially in the schools, were the first victims. Between 1958 and 1988 Hungarian schools and school classes were more than halved, the Bolyai University at Cluj-Napoca (Kolozsvar) merged and its Hungarian courses mostly eliminated. Other colleges were completely Romanized. Even in the intermediary and primary schools the pressure is on to eliminate Hungarian classes. Whatever classes remain, they cannot justly be called Hungarian. Four to five of the subjects, out of the usual nine, are conducted there in Romanian. The theaters have been transformed into "Hungarian sections" of Romanian theaters and are seldom allowed to perform Hungarian authors from Hungary and serve as a conduit for the Hungarian translations of Romanian authors to the Transylvanian Hungarians. Television programs were eliminated in 1984 and only a minimum of 30 minutes per day radio broadcast remains in Hungarian.

Dissidents are treated brutally. Rev. Geza Palffy was beaten so badly that he died of his internal injuries ten weeks later for stating that Christmas should be a public holiday in Romania. Actor Arpad Visky from Sfintu Gheorghe (Sepsiszentgryorgy) was found hanged after applying to emigrate to Hungary. Beforehand he was almost two years in prison for making untoward remarks about the nationalities policies of the regime at a post-theater party.

Add to the discrimination, elimination of education in the mother tongue and cultural opportunities the conscious anti-Hungarian propaganda of the regime since 1982 you can understand why especially the writers and intellectuals began to emigrate already in the mid-1980's. To demonstrate this propaganda the Romanian Embassy in Washington had been distributing last spring a book about Transylvania to Members of Congress in which the kindest words about Hungarians were that they are the progeny of Ghengis Khan, barbarians, bloodthirsty killers and oppressors.

In addition to the nationality problems created by the regime, the economic and political situation in Romania, especially since 1982, reached abysmal depths. As Ceausescu decided to repay his Western indebtedness at any price. The most basic food staples are on ration cards and even this miniscule amount of food is hard to get. Energy shortages are endemic and the apartments and offices cannot be heated over 55° F during the cold winter months and 40 watt bulbs may only be used for lighting.

Small wonder that many of the ethnic Hungarians started to flee. Of course, it is not easy to escape the Ceausescu regime. While until recently it was relatively easy to get a passport to Socialist countries if one bribed the local officials, one must leave part of one's family behind, either one's children or spouse. They are the hostages that the person will return or that he will not speak the truth about the regime abroad.

The Hungarian government took a restrained attitude toward the sufferings of the Transylvanian Hungarians, as both countries were members of the Warsaw Pact. This changed only in 1986 with vicious attacks on Hungary by Nicolae Ceausescu. It took even under these circumstances another year before Hungary stopped deporting visitors overstaying their visas to Romania, and another six months before the Hungarian government officially accepted ethnic Hungarians arriving illegally or staying beyond the limits of their visas as permanent settlers and gave them aid and assistance.

At the present time, it is estimated that there are about 30,000 ethnic Hungarians and about 6-8,000 ethnic Romanians from

Transylvania in Hungary. The Romanians are not accepted as permanent settlers, but only as temporary settlers, and the Hungarian authorities close their eyes at the border if they want to leave for Austria. The 30,000 ethnic Hungarians are settled at the present time mostly near the Hungarian-Romanian border in eastern Hungary and in the suburbs of Budapest. The churches, especially the Hungarian Reformed Church, to which the majority of the escapees belong, extend assistance, as does the government which has allotted 300 million forints ($6 million) for their assistance.

Foreign private aid is coming, some even from other Warsaw Pact countries. In Western Europe mostly the Protestant churches contribute and the American Hungarian community is also aiding directly through the Hungarian Red Cross and through the Protestant and Catholic churches.

The needs of refugees are food, shelter and work opportunities. Their biggest personal problem is the separation of their families. Rev. Geza Nemeth testified before the Congressional Human Rights Caucus recently that 2,000 children remain in Romania of the families who had fled, and that Romania had so far refused any family reunification requests.

An additional fear of the ethnic Hungarians of Transylvania is the avowed plan of the Ceausescu regime to convert 7,000 villages, among them 1,214 with Hungarian majorities, into state farms razing the villages and depriving them of their small garden plots as well. Therefore, it is expected that the refugee flow will continue at least for another year.

Relations with Romania are deteriorating. Today, a Hungarian diplomat aptly described the Hungarian-Romanian border as the best defended frontier in Europe. The Vienna newspaper Profil also published an article that on the night of March 5-6, 1988, Romanian units infiltrated Hungarian territory only to withdraw in the face of Soviet armor.

Under these circumstances, the American Hungarian Federation respectfully appeals to the Subcommittee to approve report language to the Foreign Assistance Act of 1988 urging the Administration to extend some assistance to the refugees in Hungary from Transylvania. We suggest the following language:

> It is urged that the Administration gives special consideration to the needs of the 30,000 ethnic Hungarian refugees from Romania (Transylvania) to Hungary.

It is our view that the Administration would positively respond to Congressional requests of this nature.

The aid would be of a humanitarian nature but would benefit our policy objectives in the region. It would strengthen our relations with the most liberal member of the Warsaw Pact, Hungary, which is experiencing economic difficulties but tries to implement limited economic and political reforms. It would encourage those who would like to see more pluralism in Hungarian society and politics. It would also serve as a further denunciation of the human rights policies of the Ceausescu government. As you well know, Romania is no longer granted MFN status this year. Although officially it was not done on Romania's behest, the Romanian request only came after three negative votes in the Senate and House about Romanian MFN and a tacit Administration decision not to grant MFN to Romania because of the persecution of religious and national minorities there.

May I urge the Subcommittee to adopt the proposed language and help the refugees in Hungary who are in great need of assistance.

U.S. SECURITY ASSISTANCE FOR TURKEY

STATEMENT OF MAJ. GEN. ELMER D. PENDLETON, U.S. ARMY RETIRED

Senator INOUYE. Our next witness is Maj. Gen. Elmer D. Pendleton, U.S. Army retired.

Mr. PENDLETON. Thank you for allowing me to testify on behalf of the United States security assistance program for Turkey.

As some background, I served in our Army from June 1944 until August 1986. I basically served in infantry units with troops, operations, and logistics. I spent 4½ years in Korea and Vietnam and a total of 13 years overseas.

My last 4 years were spent in Turkey as chief of the MAG and as the senior United States defense representative in Turkey. By far my most important job in Turkey was to learn more about the country and the people and to separate the facts from the myths. Unfortunately, I found that many Americans know very little about Turkey or the wonderful Turkish people.

Since the Truman Doctrine of the late 1940's, Turkey, of course, has been one of our most loyal allies, not only in NATO but as battlefield allies in the Korean War and as partners in the Middle East, as evidenced by their strong support for both the Baghdad Pact and the Cento Treaty Organizations.

They have been such a strong ally over the past 40 years that it has been easy to take them for granted. But as we all know, even our best friends do not like to be taken for granted forever.

We quite often speak of the flanks of NATO, referring to Norway and to Turkey. But in reality, the so-called Southern Flank of NATO is not a conventional flank with some ocean of geographic barrier on the other side but rather one with Iraq, Iran, and Syria on the other side.

Without minimizing the importance of Norway to NATO, it is obvious that the Turks have their hands full with neighbors like the Soviet Union, Bulgaria, Iran, Iraq, and Syria and that they play a key role not only in the area but in world strategy.

Major events that have thrust Turkey even more into the limelight in the past year have included the INF Treaty, the spread of the Iran-Iraq War, events in Afghanistan, the continued fighting in Lebanon, the general unrest in the Middle East, and the unrest in minority areas of the Soviet Union.

My impressions of Turkey are that they would like nothing better than to spend less on defense. However, geography has placed them in the middle of the action. If they did not have to spend 25 percent of their budget on defense, they would not, but they do.

The country is continuing to grow, hampered only by available resources. There is no question that as the growth continues they will soon be the second largest country in population in NATO sometime after the turn of the century. Only the United States will be larger.

Turkey is truly a country in transition, with bigger and better days ahead. They have huge demands for infrastructure, education, medicine, and individual needs that go along with an increased standard of living for its people.

Its per capita income, although growing, is still just a little over $1,000 per year. The Turks want the same basic things for their people that we want for ours, but unfortunately, as indicated, geography has placed them in a critical location in the world.

A strong NATO is not only important, a strong Turkey, which is not only important to NATO, the Middle East, and the United States, but of course to the Turks themselves, and they understand this.

As I indicated to your committee previously, they are doing a lot to help themselves. First they are serving their country at insignificant salary levels. A private in the Turkish Army makes less than 25 cents a month in salary, and even their top officers, generals, make only a few hundred dollars a month and receive only modest benefits.

The equipment varies from some of the most obsolete in NATO to the introduction now of some of the most modern. The Turks know what has to be done to modernize their armed forces, but there is no way that they can procure the essential modern equipment by themselves. The resources are simply not there. This is why they need our help.

The Turks are producing more repair parts in-country. They are also undertaking major modernization efforts on old equipment where resources and technology are available. They are producing more of their own ammunition, communications equipment, and other items that can be produced locally.

They are making strong pleas to other allies, especially the Germans, to help with equipment and support for certain programs. They are forming, or attempting to form, joint ventures with companies such as General Dynamics, General Electric, FMC, and others to coproduce modern equipment in Turkey.

These programs are essential if they are to eventually have modern armed forces.

RECESS

Senator INOUYE. General, can we have a recess for 3 minutes?

[A brief recess was taken.]

Senator INOUYE. Please proceed.

Mr. PENDLETON. Sir, occasionally someone says that Turkey does not need modern equipment and they only want it for prestige purposes.

This argument I find insulting in that it seemingly portrays Turkey as a small country far from a potential battle area, and one that is really unable to man or operate sophisticated equipment. So I reject the idea.

If Turkey is to carry out its mission of self-defense and its NATO mission it needs equipment at least equal to the armed forces that they might fight. The Turks have a proud and well-earned reputation as great fighters, but it is totally unfair to expect them or anyone else to fight with inferior weapons. Turkey's soldiers want the same chance to win and survive on the battlefield as Americans or any other soldiers.

DEFENSE AND ECONOMIC COOPERATION AGREEMENT

I have not talked yet about the DECA, the Defense and Economic Cooperation Agreement, because I wanted to stress first the needs of the Turkish armed forces and why we should assist them.

But it is important to point out that the United States is currently negotiating with at least four other allies on DECAs and base rights issues, but only Turkey has thus far signed a DECA.

I point this out not because we should reward Turkey for signing the DECA, but because the DECA is mutually beneficial, and I might add that I always remind my Turkish friends of this.

But it does show a certain closeness, a feeling of friendship, and an expression of the general iong-time rapport between the Turks and ourselves. The facilities that Turkey allows us to use are critical to our overall strategy in that part of the world.

The Turks signed the DECA at considerable political risk, because in Turkey issues such as Cypress, the seven to 10 ratio, the Armenian issue, the Argean issues, and Turkish-Greek relations overall, are items of major concern to all Turks regardless of political party.

These issues, unfortunately, are longstanding and have no easy solutions. They must be solved by the Turks, Greeks, and others directly involved themselves. Naturally, the Turks are sensitive and nationalistic on these issues.

But the important point is that I did not find them to be a military threat to anyone over them. I never heard any of the foolish and irresponsible talk of the Turks wanting to invade Greece.

Our reason for helping Turkey militarily is to enable them to carry out their critical NATO mission and help to bring stability to the area. Requests to reduce aid because of Cyprus, for example, can only aid our potential adversaries.

I do believe in a positive vein that all knowledgable Americans are pleased with the talks and visits that are currently going on by the Greek and Turkish prime ministers. We can only wish them well in trying to resolve issues that are so important to two of our closest allies.

Especially in this climate, I believe that periodic talk of restrictive legislation pertaining to these issues by the Congress can only complicate the process.

Finally, let me comment on the importance of aiding Turkey now. It is clearly recognized that the signing of the INF Treaty has put more burden on conventional forces.

There is no country in NATO, other than the United States, with more conventional forces than Turkey, and they are located where they are needed. It takes no large airlift or sealift to get this 750,000 plus man army, air force, and navy in position. Resources to help Turkey modernize their armed forces is a perfect example of a force multiplier.

In an era of reduced commitments, it is reassuring to see a steadfast ally work hard to improve their capability rather than just talk about it. The Turkish military will be better in the years ahead. The question is, how much better and how long it will take.

Events in the Persian Gulf currently have our attention in the Iran-Iraq War. But we forget that both countries border Turkey. The use of chemical weapons, for example, took place much closer to the borders of Turkey than to the Gulf.

Chemical weapons and long-range surface-to-surface missiles currently in the use in the war are of concern to Americans. But to a Turk they pose new threats that any commander must be able to cope with at any time.

For the reasons mentioned above, I heartily encourage you to support the request of our President for security assistance to Turkey. I think by far the best argument for this aid is to try and visualize the 1990's and the role that Turkey will or can play.

The strong NATO partner, the anchor in the eastern Mediterranean, the bridge to the Middle East, the force for stability in the area, the strong deterrent to increased terrorism are all positive items in our relationship.

The democratic Turkey that I know is not looking for a handout. They are and want to be considered as a full partner for protecting the peace as we look at the exciting and dangerous years that lay ahead.

Sir, that completes my statement. I would be happy to answer any questions. I might add that the reason that I asked to testify is because I thought it was important in the political context that surrounds Turkey to lay out what I consider the primary importance of the military need itself.

Senator INOUYE. I think your presence here and your testimony is most helpful. It is for this reason we have opened up our proceedings to take in public witnesses.

I for one wanted the record to be a complete one, not just from one side. And so therefore I welcome your remarks.

I am pleased to point out to you that I believe next week we should be able to do well with the FMS program for Turkey. And as you are aware, in the last measure, we set up the debt reduction, debt restructuring amendment, which should help Turkey immensely in reducing its debt load.

So we are doing our best to help our friend. And I thank you very much.

Mr. PENDLETON. Thank you.

[The prepared statement of Mr. Pendleton follows:]

A Statement to the
Senate Appropriations Committee
Sub-Committee on Foreign Operations

By Elmer D. Pendleton

Major General, U.S. Army Retired

Thank you for allowing me to testify on behalf of the United States Security Assistance Program for Turkey. I entered the United States Army in June 1944 and retired in August 1986. I basically served as an Infantry Officer with a majority of my time spent with troops, operations and logistics. I served four and a half years in combat in the Korean and Vietnamese Wars and a total of thirteen years overseas, primarily in developing countries.

My last four years were spent in Turkey where I served as Chief of the Joint United States Military Mission for Aid to Turkey and as the senior United States Defense Representative in Turkey. By far my biggest job in Turkey was to learn more about the country and the people and to separate the facts from the myths. Unfortunately, most Americans know very little about Turkey or the wonderful Turkish people.

Since the Truman Doctrine in the late 1940's, Turkey has been one of our most loyal allies - not only in NATO but as battlefield allies in the Korean War and as partners in the Middle East as evidenced by their strong support for both the Baghdad Pact and Cento Treaty Organizations. They have been such a strong ally over the past 40 years, that it has been easy to take them for granted. But as we all know, even our best friends don't like to be taken for granted forever.

We quite often speak of the flanks of NATO when referring to Norway and to Turkey. But in reality the so-called southern flank of NATO is not a conventional flank with some ocean or geographic barrier on the other side, but rather one with Iran, Iraq and Syria on the other side. Without minimizing the importance of Norway to NATO, it is obvious that the Turks have their hands full with neighbors like the Soviet Union, Bulgaria, Iran, Iraq and Syria and that they play a key role not only in the area but in world strategy.

Major events that have thrust Turkey even more into the limelight in the past year have included the INF Treaty, the spread of the Iran-Iraq War, events in Afghanistan, the continued fighting in Lebanon, the general unrest in the Middle East, and the unrest in minority areas of the Soviet Union.

My impressions of Turkey are that they would like nothing better than to spend less on defense; however, geography has placed them in the middle of the action. If they didn't have to spend 25 percent of their budget on defense, they wouldn't, but they do. The country is continuing to grow, hampered only by available resources. There is no question that as the growth continues they will be the second largest country (in population) in NATO sometime after the turn of the century. Only the United States will be larger. Turkey is truly a country in transition with bigger and better days ahead.

They have huge demands for infrastructure, education, medicine and individual needs, that go along with an increased standard of living for its people. It's per capita income, although growing, is still just a little over $1,000 per year. The Turks want the same basic things for their people that we want for ours but unfortunately as indicated, geography has placed them in a critical location in the world. A strong Turkey is not only important to NATO, the Middle East, and to the United States but, of course, to the Turks themselves and they understand this.

As I indicated to your committee last year, they are doing a lot to help themselves. First, they are serving their country at insignificant salary levels. A Private makes less than 25 cents a month in salary and even their top Generals make only a few hundred dollars a month and receive only modest benefits.

Equipment varies from some of the most obsolete in NATO to the introduction now of some of the most modern. The Turks know what has to be done to modernize their armed forces but there is no way that they can procure the essential modern equipment by themselves. The resources are simply not there. This is why they need our help.

The Turks are producing more repair parts in-country. They are also undertaking major modernization efforts on old equipment where resources and technology are available. They are producing more of their own ammunition, communication equipment and other items that can be produced locally. They are making strong pleas to other allies - especially the Germans - to help with equipment and support for certain programs.

They are forming or attempting to form joint ventures with companies such as General Dynamics, General Electric, FMC and others to co-produce modern equipment in Turkey. These programs are essential if they are to eventually have modern armed forces.

Occasionally someone says that Turkey doesn't need modern equipment and they only want it for prestige purposes. (This argument is insulting in that it sweepingly portrays Turkey as a small country, far from a potential battle area and one that is really unable to man or operate sophisticated equipment). I reject that idea. If Turkey is to carry out its mission of self defense and its NATO mission it needs equipment at least equal to the armed forces that they might fight. The Turks have a proud and well earned reputation as great fighters but it is totally unfair to expect them or anyone else to fight with inferior weapons. Turkish soldiers want the same chance to win and survive on the battlefield as Americans or any other soldiers.

I have not talked yet about the DECA (Defense and Economic Cooperation Agreement) because I wanted to stress first the needs of the Turkish Armed Forces and why we should assist them. But it is important to point out that the United States is currently negotiating with at least four other allies on DECA's and Base Rights but only Turkey has thus far signed a DECA. I point this out not because we should reward Turkey for signing the DECA - but because the DECA is mutually beneficial and I always remind my Turkish friends of this - but it does show a certain closeness, a feeling of friendship, and an expression of the general long-time rapport between the Turks and ourselves. The facilities that Turkey allows us to use are critical to our overall strategy in that part of the world.

The Turks signed the DECA at considerable political risk because in Turkey issues such as Cyprus, the 7:10 ratio, the Armenian issue, the Argean issues and Turkish-Greek relations overall are items of major concern to all Turks - regardless of political party. These issues unfortunately are long standing and have no easy solutions. They must be solved by the Turks, Greeks, and others directly involved themselves. Naturally the Turks are sensitive, and nationalistic on these issues, but the important point is that I did not find them to be a military threat to anyone over them. I never heard any of the foolish and irresponsible talk of the Turks wanting to invade Greece.

Our reason for helping Turkey militarily is to enable them to carry out their critical NATO mission and help to bring stability to the area. Requests to reduce aid because of Cyprus, for example, can only aid our potential adversaries. I do believe in a positive vein that all knowledgeable Americans are pleased with the talks and visits planned by the Greek and Turkish Prime Ministers. We can only wish them well in trying to resolve issues that are so important to two of our closest allies. Especially in this climate, I believe that periodic talk of restrictive legislation pertaining to these issues by the Congress can only complicate the process.

Finally, let me comment on the importance of aiding Turkey now. It is clearly recognized that the signing of the INF Treaty has put more burden on conventional forces. There is no country in NATO other than the United States with more conventional forces than Turkey and they are located where they are needed. It takes no large airlift or sealift to get this 750,000 plus man Army, Air Force and Navy in position. Resources to help Turkey modernize their armed forces is a perfect example of a force multiplier. In an era of reduced commitments it is reassuring to see a steadfast ally work hard to improve their capability rather than just talk about it. The Turkish military will be better in the years ahead. The question is how much better and how long it will take.

Events in the Persian Gulf currently have our attention in the Iran-Iraq War but we forget that both countries border Turkey. The use of chemical warfare, for example, took place much closer to the borders of Turkey than to the Gulf. Chemical weapons and long range surface to surface missiles currently in use in the War are of concern to Americans, but to a Turk they pose new threats that any Commander must be able to cope with at any time.

For the reasons mentioned above, I heartily encourage you to support the request of our President for FMS to Turkey. I think by far the best argument for this aid is to try and visualize the 1990's and the role that Turkey will or can play. The strong NATO partner, the anchor in the eastern Mediterranean, the bridge to the Middle East, the force for stability in the area, the strong deterrent to increased terrorism are all positive items in our relationship. The democratic Turkey that I know is not looking for a handout. They are and want to be considered as a full partner for protecting the peace as we look at the exciting and dangerous years that lay ahead.

The Sierra Club

STATEMENT OF LARRY WILLIAMS, INTERNATIONAL REPRESENTATIVE, THE SIERRA CLUB

REFORMING PRACTICES OF MDB'S

Senator INOUYE. Our next witness is Mr. Larry Williams, International Representative of the Sierra Club.

Mr. WILLIAMS. Mr. Chairman, I want to start out by thanking you and the members of your committee for the continuing effort you put in to helping us reform the lending practices of the multilateral development banks.

It is really through the good work of the Congress that the banks are beginning to recognize the importance of sustainable development, and also involving NGOs and other people impacted by their projects in developing countries in the development process.

We are seeing nowadays many evidences of many activities surrounding the environment in development, through the OECD and the other international institutions that are all beginning to take this much more seriously. And it is happening principally because the Congress is taking it seriously, and you are being listened to.

That does not mean that we have solved all the problems. Far from it. These are big institutions that move very slowly. There is a lot of resistance to making major changes like this. Certainly a lot of resistance to opening up the process.

These banks are used to operating in secret. They are used to not letting any more than is absolutely necessary to participate. Usually the country's financial officers and the bank are the ones who involved in these projects, and the people impacted and have expertise on the impacts are generally left out of the process. We are hoping, with your help, we can change that.

WORLD BANK PROJECTS

I wanted to talk about two, just briefly touch on two World Bank projects. One of them is one that you are very familiar with. It has been talked about in this committee many times, and that is the Botswana livestock project in which the World Bank gave several loans to increase livestock grazing in Botswana.

The Bank was criticized by the Congress and environmentalists for giving those loans without making sure that proper policies were implemented to protect the land from overgrazing.

Recently David Wirth of the Natural Resources Defense Council and I went to Botswana at the invitation of the government to look at the situation for ourselves. They felt that we had been unduly harsh and that we should come and make our own judgment.

After spending a week there talking to every government official that we could find, and the country is very open, a very democratic country, the people were very, very kind to us, but we concluded that we had been right.

Indeed, the policies to control cattle grazing, protect the land, to ensure that the grazing did not destroy the resources, are not in place, and much more needs to be done. So it reconfirmed what we had suspected all along. And we have offered to work with the Botswana government and to help facilitate improved practices.

ECONOMIC STUDY OF CATTLE

Before we went, we asked the World Bank for an economic study in cattle in Botswana, and the World Bank refused to give it to us. The Treasury Department asked for the study. The State Department asked for the study, and the World Bank refused.

We went to Botswana and we talked to the Minister of Public Lands, and he gave us a hearty laugh when we told him the story, and said, well of course you can have the study. It is a public document, it is right here, and would you not comment on it for us? And in fact, I will sign a letter saying that you should have all final documents that are public that are done for the government of Botswana. And that letter has been signed by the government.

We have since made informal contact with the Bank asking for the document, and have been told, well, if the government of Botswana is willing to give it to you, you can go to them instead.

So we have got a problem, and that is documentation that is necessary for people to understand the nature of these projects is being held very close and unnecessarily by the Bank.

FORESTRY MASTER PLAN FOR SRI LANKA

We have also been tracking because of correspondence we have had with the Wildlife and Protection Society of Sri Lanka the Forestry master plan in that country.

It turns out that the World Bank is working with the government of Sri Lanka to, it appears anyway, to turn that country into commercial timber operation and not pay much attention to protecting the natural resources and the indigenous timber, indigenous forest.

The Treasury Department has asked the World Bank mission to visit with the NGO's there and discuss the problem. We are waiting for that mission to return and to report to us what they have learned.

While in Africa, David Wirth and I visited the African Development Bank.

Senator INOUYE. Did you get the report from the World Bank?

Mr. WILLIAMS. What we have heard, but it is informal, is that the government of Sri Lanka does not want the bank to visit the NGO's. That is a real dilemma. And the Bank does not know quite how to approach that.

Senator INOUYE. Did you get the report from Botswana?

Mr. WILLIAMS. We got the report from Botswana on cattle grazing, yes we did.

And in fact our economics committee of the Sierra Club reviewed it and we sent our comments back to the government. And we hope to work with them in the future in implementing their conservation plan, which they are now working on.

Senator INOUYE. Could you provide us with a memo on the report and your response?

Mr. WILLIAMS. I will certainly do that. I will be very pleased to do that, yes.

I was about to say that we visited the African Development Bank to offer our assistance in helping them with the NGO, nongovernmental organization, outreach program. And we visited with the president of the bank, Mr. N'Diaye, who seemed to be very positive.

In fact, at a subsequent meeting, he said he would like to work with the U.S. organizations. But he also was interested in public debt relief, and that is what he really wanted to talk to us about.

And I wanted to tell you that he would very much like Secretary Baker to allow a trial of maybe three countries in Africa, as most African debt is public debt, to use their debt for investment not in nature swaps, in other words parks, but investment in land conservation, reforestation, rehabilitation of land that has been damaged, activities that are hard to get money for investment from banks because the payoff is slow.

And he is asking if there is a way in which the Congress and the administration are willing to make it possible for the African Development Bank to use some of that debt in a positive way.

He has also said that he is willing to put $500,000 of the bank's money into each of the three countries to help them facilitate this effort. We know that the administration has been very much opposed to public debt relief.

And it is our hope that maybe a trial of three countries would not be too frightening, given what we are hearing, that the French and the Germans and other nations are beginning now to write off African debt. And we think that debt should be put to use with investment in their own country.

The African Bank is also sponsoring a conference on grazing. It is due to the Congress' interest, our government's interest in the Botswana case, that the Treasury Department issued instructions on protecting the land from overgrazing.

The African Bank has now, is now setting up a conference in Abidjan to look at this issue, because it is a serious issue for much of Africa. It is our feeling that the bank is beginning to move and increasing its staffing. It is going to be hiring an African to head the environmental department, which we have been urging for a year or more now. I think that the signals are being heard, and the bank is beginning to pick up the drumbeat, so to speak.

The same thing is happening in the Inter-American Development Bank. We have a new president, Mr. Iglesias, who has a very strong environmental background.

We met with the field representatives of the Inter-American American Bank last week, talked about our concerns, and much to my pleasure we got very positive response from the field reps about our concerns, about sustainable development and environmental impacts of projects.

And I think that they are hearing again what is necessary, and they seem to be responding very well. They are asking how can they make contact with the NGO's in the Latin American countries and begin that dialog.

So I think it is, one, this report of the beginning of the change, it is going to continue, Congress is going to have to continue the pressure on the banks, because we are not to a point where it is institutionalized at all.

We have now a director of the environmental department of the World Bank, Mr. Pendleton, and he is beginning to take the reins there and get that department shaped up. But environmental considerations have a long way to go before they are institutionalized within the banks.

We see nothing coming out the other end. We do not see a change, a substantive change, in the projects themselves. And that is what we really are after in the long run, and we are going to have to stay at this for quite some time.

[The prepared statement of Mr. Williams follows:]

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STATEMENT OF THE SIERRA CLUB

Mr. Chairman, I am Larry Williams, the International Representative of the Sierra Club. I want to thank you and the members of your Subcommittee for your continuing support for bringing about reforms at the Multilateral Development Banks (MDBs). These reforms will help ensure that sustainable development becomes the objective of all future projects.

World Bank

Progress on Environmental Reforms at the World Bank: The Bank is beginning to make changes with the establishment of the Environmental Department and the early recognition of the importance of involving local people in the planning process. The question is whether the change is coming fast enough and whether the Bank is really serious about improving the quality of their loans to ensure sustainable development and protection of the natural resource base of the developing countries.

We think that the Bank should be moving much more quickly to incorporate the Subcommittee's recommended change and the language contained in last year's MIGA bill. The Bank must begin reassessing its development policies rather than only applying economic medication to the developing world. It is clear for all who closely examine the Bank's record of current development loans that the institution continues to have significant negative impacts on the developing world. The quality of the Bank's loan portfolio has not yet begun to reflect a more enlightened approach to sustainable development.

We understand that it takes time for such a large institution to change course. We are willing to be patient if we can be assured by the Bank that progress is being made. Such an assurance, however, must be accompanied by a firm commitment to a timetable of compliance.

I would now like to give you two examples where Bank policies have proven not to be up to the task at hand. The first example is an old project, the Botswana Beef Export Project, and the other is a forestry master planning project in Sri Lanka.

Botswana: David Wirth, of the Natural Resources Defense Council, and I have just recently had the opportunity to examine first hand the overgrazing problem in Botswana which was brought on by the World Bank Livestock loans. I believe that it is instructive to take a moment of this Subcommittee's time to revisit this World Bank development project to see if our original opposition, and that of Treasury Secretary Baker's, was justified.

As a result of our highlighting the second loan by the World Bank to Botswana for increased cattle production in "Bankrolling Disasters", the government of Botswana felt that the Sierra Club and the Natural Resources Defense Council were unfairly criticizing its programs. While our criticism was directed only at the World Bank, the government of Botswana was unhappy that we had not visited their country to judge the validity of our criticisms.

The question of cattle management has become such a big issue for the Botswana government that the Minister of Local Government and Lands, Patrick

Balopi, invited David Wirth, representing the Natural Resources Defense Council, and me to visit Botswana to examine the facts for ourselves. In summary, we found that the issues we have raised are valid concerning the World Bank's willingness to proceed with livestock ranching loans to Botswana without first insuring that proper grazing policies are in place and implemented. Moreover, these loans are severely stressing the natural resources of this desert country. It is apparent that the Botswana Government urgently needs to initiate a series of major management policies to deal with the overgrazing problem. These policies would have a dual function: (1) to increase incentives for the cattle owners to maintain the productivity of the grasslands, and (2) to create management incentives to encourage the offtake of cattle in a more expeditious manner.

Here is a summary of what we learned from our week of meetings:

1. With the help of the World Bank loans, the government has established private cattle ranches which are fenced in order to provide better control of grazing intensity and numbers of cattle. In theory, the National Development Bank (NDB), which provides the start-up loans for the ranches, has provisions within the loan agreements to ensure that the land is not overgrazed and that professional management is provided. However, we learned from the NDB bank staff, that in practice, the NDB has no ability to ensure that the loan agreements are adhered to. The key provisions are:

    (a) Each ranch which is owned by an absentee landlord is to have a professional manager on site to run the ranch. However, this is often not the case. Instead, ill-paid village people often manage the ranch -- people who have no formal training in cattle management practices.

    (b) Stocking levels are not to exceed a certain set number of head. However, the NDB has no capacity to verify how many cattle are being run on the ranches.

    (c) Ranch owners may move their cattle off their ranch to the communal lands at any time. Overgrazing on the ranch through overstocking can thus be relieved by moving the cattle onto the "public lands;" however, these "public lands" are also under severe pressure from overgrazing.

2. In addition, we found the following policy deficiencies which exacerbate the overgrazing problem:

    a. Ranches should not have grazing privileges on communal lands. This policy encourages overstocking on the ranches and contributes to overgrazing of the communal lands.

    b. There are currently no controls on the number of cattle being grazed on the communal lands. We believe that this problem cannot begin to be dealt with until:

        (a) all cattle are properly branded.

        (b) a tax is assessed on each cow left to graze on the communal lands to encourage early offtake. (We learned in Maun that the average age of the cow being sold to the Botswana Meat Commission (BMC) is years, though some are as old as 12 years.) Cows are often kept as a sign of wealth rather than for the income they can produce.

        (c) The Botswana Meat Commission should consider establishing a larger price differential for quality. There is currently little incentive to take cattle to market early because there is such a small price difference for prime beef as opposed to poor quality beef.

No major policy concession was negotiated with the Botswana Government by the World Bank prior to completing the livestock loans. The Bank's failure to insist that the government establish some firm cattle management policies prior to the loan being finalized may very well spell disaster for Botswana wildlife and the Bushmen who depend upon the wildlife for the livelihood.

Sri Lanka: The Wildlife and Protection Society of Sri Lanka has advised us of the adverse environmental and socio-economic impacts the Forestry Master Plan for Sri Lanka (FMP) could have if implemented as currently designed. The FMP has been prepared under the Forest Resources Development Project of Ministry of Lands and Development. We strongly believe that a thorough environmental assessment needs to be made before the plan is implemented.

Forest reduction has increased greatly within the past 40 years and has hindered the progress of Sri Lanka. Relying heavily on the resources produced by the forests, Sri Lanka needs to produce a plan that will protect further irreparable damages. There is a basic consensus that a master plan is necessary. A difference of opinion exists, however, regarding the feasibility and viability of the proposed project. The FMP promotes large scale timber projects, consequently leading to the depletion of natural forests. Little attention is given to reforestation and afforestation programs which could prevent irreversible destruction.

The World Bank has been a supporter of the FMP since its early development and continues to assist with the preparation. If implemented, the plan could ultimately destroy the existing forests of the entire country. A World Bank mission is now in Sri Lanka to review this plan. The U.S. Treasury Department has requested that the mission team visit The Wildlife and Protection Society of Sri Lanka to discuss their concerns with the plan. We feel that a complete reevaluation is necessary before implementation is even considered. We are looking forward to learning more from the World Bank mission upon their return.

In the case of the Forestry Project in Sri Lanka, it appears that the same old procedures are being followed by the Bank. They insist on dealing only with the government officials and not with the people who will be affected by this project. The Bank's outreach to Non-governmental Organizations (NGOs) is still very tentative and has not been incorporated into the project planning process.

Conclusion: Based on these and other case studies, I think it is fair to say that the World Bank has a long way to go in realizing the reforms called for by the Congress.

African Development Bank

NGO Outreach: During the week of March 18-26, Dr. Paul Weatherly of American Farmland Trust, David Wirth of NRDC, and I met with officials of the African Development Bank (AfDB) at the Bank's headquarters in Abidjan, Ivory Coast, to discuss a number of issues. However, the primary purpose of our trip was to discuss the possibility of working with the African Bank to develop a NGO outreach program in the borrower countries of the Bank.

As you will recall, Mr. Chairman, your Subcommittee made the following recommendations with regards to NGO outreach in the 1984 recommendations to Treasury:

> The [MDBs] should make a maximum effort to encourage borrower countries to use the resources of available nongovernmental conservation and indigenous peoples' organizations.
>
> [MDBs] should, where possible, contract with nongovernmental conservation organizations and organizations of indigenous people to provide their services during pre-project planning and during project implementation phases for purposes of local information gathering and dissemination so as to achieve maximum local input and participation in the assessment of planning for projects.

> Each of the [MDBs] should press their borrower countries to actively involve environment and health ministers, or comparable representatives, in bank-supported country program planning and strategy sessions.[1]

We are offering to work with the AfDB to help develop a working relationship between the Bank, government environmental officers, and NGO representatives in five carefully chosen countries in Africa where there already is a record of successful public participation in government decision making. Mr. T. Gedamu, Vice-President for Central Operations, who had asked us to come to Abidjan to discuss our proposal further, was very anxious to have the Bank begin an effort to develop a working relationship with NGO's and government environmental ministers during the project development planning process.

Mr. Gedamu has promised to take our proposal before the Board of Executive Directors in the near future.

We were very pleased to learn upon arriving in Abidjan that the World Bank had set up meetings for us with the appropriate AfDB officials. We spent the week meeting with a large number of high-level Bank officials, including the President, Mr. Babacar N'Diaye, and Mr. Gedamu. Don Sherk, the U.S. Executive Director to the AfDB, was most helpful in assisting us in reaching the highest levels of Bank officials, including the President.

Conservation for Debt Relief: In meeting with President N'Diaye, we soon discovered that he is very interested in exploring ways to turn uncollectible debts into investment in conservation. Mr. N'Diaye was not as interested in debt for nature swaps to preserve land for parks as in finding ways to swap debt to help fund conservation activities such as reversing desertification or reforestation. These projects are often economically marginal as a short term investment for a borrower country. He said that the Bank might be able to provide start up money for a debt swap investment and also might act as a mediator between the debtor and the creditor. Mr. N'Diaye had seen the language in this year's Continuing Resolution on debt for nature swaps and had written to Mr. Sherk asking to discuss this with him.

After the meeting, we had a second meeting with Mr. J.K. Bucknor, AfDB Treasury Department Deputy Director, to discuss what we had heard from Mr. N'Diaye. He said that N'Diaye had called him after our meeting to press him to find a way to make this a major initiative for the Bank. Mr. Bucknor proposed the following idea for using public debt for conservation (most of Africa's debt is publicly held): the debtor country issues bonds to the debt holding country; in lieu of repaying the debt or the bonds, the country offers to invest a continuing flow of local currency into land conservation and restoration over the period of the bond.

Since it is safe to conclude that the U.S. is not likely to get much of its money back from our debtors in Africa, why not leverage this debt into significant development assistance for the debtor countries? We could do a lot of good in Africa without spending an additional dime of our own money. It is widely believed that forgiveness of U.S. debt would have a major impact on our already horrendous national debt. However, I have been assured that this is not the case. Our annual income from the debt payment owed to the U.S. is so small, and the terms of repayment is so long, that even if we forgave all of what is owed to us by the poorest African countries, it would have little effect on our national debt.

The time has come for us to decide how to put the money owed to the U.S. to work. Here is an opportunity to constructively put the debt owed to this country to use in order to help the developing world restore and protect their natural resource base. This is an idea that should not be passed over by the Congress.

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[1] Ibid.

Grazing Conference: At Mr. Sherk's urging, the Treasury Department is proposing an AfDB sponsored grazing conference to be held in June in Abidjan. This idea comes from Treasury's guidelines for voting on future grazing projects in sub-Saharan Africa which were issued last year. As a result of this directive, Sherk noted in a cable to propose at the conference that "the base of research and knowledge required to implement complex livestock projects successfully does not yet exist." For this reason, he has proposed that the Bank hold a training program on this problem. Sherk has asked AID to provide some experts and has asked us to recommend anyone we think might be a good addition to the conference. Both Treasury and State support his proposal and in a subsequent cable have urged that NGO's "be encouraged to participate." We are very pleased to learn that AID will be sponsoring a two-day Washington symposium on this subject in May or June.

Environmental Staffing: As the February Report to the Congress from Treasury[2] on the environmental progress of the MDBs points out, the African Development Bank has two environmental specialists on the staff funded by the Nordic countries. Japan and Italy have also expressed interest in funding a third or fourth technical assistant position at the Bank. In addition, AID is about to hire a person to work with the Bank's environmental section. Even more important, the Bank is seeking an African to head up the environmental division -- a move that we have long advocated.

Conclusion: We believe that the AfDB is beginning to make some progress in increasing its environmental expertise. However, the Bank has a long way to go toward integrating sustainable development approaches into its regular development project planning processes. As with the World Bank, we urge that the authorization for the African Development Fund be directly tied to the Congress receiving assurances from the African Development Bank that the lending reforms are going to be put into place and a timetable for implementation of such reforms.

Inter-American Development Bank

We are very pleased to learn of two recent appointments at the IDB: the appointment of Mr. Enjrique Iglesias of Uruguay as President and Mr. James Conrow as the new Executive Vice President. Mr. Iglesias has demonstrated a strong interest in the environment in his previous positions. He was the Secretary General of the United Nations Conference on New and Renewable Sources of Energy and he was the Chairman of the UN Inter-Agency Group on the Development of Renewable Sources of Energy. In addition, we note that he was the Special Advisor on new and renewable sources of energy to the UN Director General for Development and International Economic Cooperation.

As a result of the "Consultative Meeting" held last May by the IDB between Latin American NGO's, borrower government environmental officials, and Bank officials, the IDB continues to develop its work program to integrate environmental considerations into its project planning process. It is still too early to tell what will eventually result. However, with Mr. Iglesias and Mr. Conrow now on board, we hold every hope that some major changes will be made to improve the Bank's environmental performance.

The Annual Meeting of the IDB: The Sierra Club sent a representative to the 29th IDB annual meeting in Caracas, Venezuela. At that meeting, we were pleased to see the inclusion of a small section on environmental protection in the printed report by the President of the bank, Senor Antonio Ortiz Mena. At the inaugural session, we noted the emphasis on environmental matters in the address by Executive Vice President Michael E. Curtain, especially the reference to the "singular importance" of addressing the Environmental Consequences of lending activities. We were also heartened by President-Elect Iglesias' remarks about the "growing concern for environmental issues" at the Bank. In subsequent plenary sessions at the meeting, there were many statements of support for environmental reform at the Bank from donor countries such as Austria, Belgium, Finland, Italy, The Netherlands, Sweden, Switzerland, and West Germany, with especially strong statements from Denmark, Norway, Great Britain, and, of course, the United States.

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[2] Letter to Senator Robert Kasten from John K. Meagher, Assistant Secretary, Legislative Affairs, U.S. Treasury Department, February 5, 1988

We view as particulary important the U.S. Statement that the:

"Development programs can be structured to encourage growth and to ameliorate poverty while still protecting and preserving our natural resource space. Environmental issues need to be more fully incorporated into all aspects of the work of the multilateral development banks."

"In the Inter-American Bank, this means sensitizing top management to this issue as well as hiring well-qualified environmental experts and training other staff in the environmental aspects of their work. Additional environmental expertise is especially important in project analysis, plans and programming, postevaluation and review, small projects and technical assistance, and in our legal work. The environmental function also needs a well-defined place in the Bank's organizational structure, probably based in Project Analysis."

It is of some concern to us that representatives of seven of the donor countries (France, Israel, Japan, Portugal, Spain, Yugoslavia, and -- very surprisingly -- Canada) made no reference to sustainable development or environmental protection in their addresses to the meeting. However, two of the borrower countries, the Dominican Republic and Uruguay, did note the importance of these issues. Obviously, the central concern of the IDB meeting was the Seventh Replenishment Negotiations of the Bank funds.

Besides participating in the formally scheduled events, representatives of donor country and borrower country environmental NGO's had productive meetings with Bank staff and governmental officials from donor countries. At the close of the final plenary session, President-Elect Iglesias personally assured the Sierra Club representative of his long-term interest in environmental matters. He pointed out his participation in the Stockholm Conference on the Human Environment in 1972 for which he was senior technical advisor.

Concluding Remarks on the MDB's and Funding Recommendations

In summation, we support full funding of the MDB's for FY'89, including the IDB. We withheld our support for the IDB last year in testimony at the Senate Appropriations Committee hearings because the Bank failed to follow through on the commitments we believed it had made as a result of the Consultative Meeting of last May. Since that time, the IDB has been moving forward in developing plans to include sustainable development considerations into its planning process and to bring NGO's into the planning process. While we find the progress to institutionalize sustainable development considerations in the MDB's project development process very slow, we do detect some forward motion within each of the Banks. We are also encouraged by the attention the OECD is giving to this issue as well as a growing number of member governments.

General Capital Increase

We recommend that the Congress not appropriate funds for the General Capital Increase (GCI) for the MDB's until the Banks have made a commitment to comply with the Congressional environmental directives within a specified time and have laid out a plan explaining how they intend to reach that goal.

Agency for International Development

The Africa Account: We wish to thank the Subcommittee for including language in last year's Appropriations bill to establish the Sub-Saharan Africa Development Assistance Fund and appropriating $500 million for that fund. We ask that this Subcommittee again include this language which will protect and maintain this program in the event that the Foreign Assistance Act, which contains the Africa Famine Relief and Recovery Act, does not pass the Congress this year.

AID is beginning to respond to the language in the FY '88 appropriations bill which established the Africa Fund. As you will recall, this Subcommittee called for funding targets of ten percent for the following three activities: 1) maintenance of the natural resource base, including agricultural activities which directly support this purpose; 2) improvements in health conditions, with special emphasis on the needs and education of mother and children, and 3) voluntary family planning. We urge the Subcommittee to continue to target at 10 percent these three activities for FY'89.

International Family Planning: Five billion people are now living on this planet, and birth rates are at high levels in many developing nations. Unchecked population growth has a deleterious impact on families and communities as well as on their environments and economies. At the same time, however, the Reagan Administration has drastically pulled back its assistance, especially to multilateral and non-profit organizations who are most effective in carrying out effective family planning projects.

We ask that you support funding at least at last year's levels for international population assistance and support any initiatives to shore up U.S. support in this area.

The assistance package for Africa in the House passed the Foreign Aid bill which earmarks ten percent for family planning. This was done to ensure that AID would actually spend funds to help meet a small proportion of the growing demand for assistance from many African nations getting on the family planning bandwagon. It is Sierra's hope that similar language can be inserted into the spending bill for FY '89 as was done last year for health care and natural resources protection.

As background, let me point out that Africa has the world's highest population growth rate of 3.1 percent, up from 2.5 percent in the 1960's. That's three times the annual increase in food production, which could make even the most ardent proponent of the green revolution to pause. At current growth rates, virtually all sub-Saharan countries will double their populations by 2010.

Still, there are signs of change. African governments are increasingly supportive of family planning. Contraceptive use is at the 25 percent level in the few places family planning services are readily available; continent-wide, the rate is a mere 4 percent. Encouraging these changes requires resources which is provided under this legislation.

AID Early Warning System: AID's Early Warning System seems to be progressing well. The addition of an environmental analyst has made a major difference in the Agency's ability to evaluate MDB projects and deal with the problems with the Banks well in advance of the projects going to the Board for a vote. This does not mean that "all is well;" there is a lot more that can be done in evaluating the environmental and social impacts of proposed projects by the Bank and by the people involved in Early Warning at AID.

Biological Diversity Protection Act Funding: AID set aside $4.5 million for the protection of biodiversity and tropical forests for FY'88. We appreciate the fact that the Agency took this action without waiting for the Congress to direct it to do so. We urge this Subcommittee to request that AID voluntarily set aside $5 million for this purpose in FY'89. Failing that, we ask that a funding target of $5 million be set for FY'89. Our observations indicate that AID is doing a good job of implementing this law and not merely trying to fund existing projects by relabeling them to fit the Biodiversity Law.

Organization Economic Co-operation and Development (OECD)

Last November, I attended an OECD seminar in Paris to discuss the Strengthening Environmental Co-operation with Developing Countries. This meeting, and the meeting scheduled by the Environment Committee in June to examine the Environmental Aspects of Multilateral Development Bank Projects, have come about largely as a result of US involvement. I was very pleased at the contributions made to the success of that meeting by our representatives from AID and EPA. Four European representatives told me at the Paris seminar that this discussion would not be happening had it not been for the pressure applied by NGO's in their country. I think the combination of the U.S. support and the pressure being applied by the European NGO's is beginning to have an effect.

Our message is clear; both the borrower and donor countries must work together if we are going to see an improvement in MDB lending. The exciting thing is that the attention the U.S. has given to the MDB issue is beginning to have an effect on the bilateral lending practices of the developed world. The only dissenting voice that was heard at the November seminar came from Japan. The representative from Japan expressed considerable annoyance over the need to worry about such details as sustainable development when making lending decisions.

International Tropical Timber Organization (ITTO)

Japan is becoming a major power in the bilateral and multilateral lending arenas. It is more than symbolic that Japan is the host of the ITTO. Through cooperation in the ITTO forum, we hope that Japan will come to understand that we all share the same planet and we must do our collective best in protecting it for future generations.

The only international forum we have that can deal with the specific issue of the future management of the world's tropical forests is through the ITTO. We believe that the United States has an obligation under the Tropical Forests Protection Act, which passed in 1986, to not only continue to actively participate in this organization but also to pay its dues. We urge this Subcommittee to allocate up to $100 million for this purpose.

U.S. Treasury Department

The National Environmental Policy Act and the MDBs: The reauthorization of NEPA is now before the Congress. Recently, Senator Steve Symms circulated a proposed amendment requiring the Treasury Department to comply with NEPA prior to voting on MDB projects which would have a major impact on the human environment. As expected, Secretary Baker did not take well to the idea, and initially, we also reacted to the idea in the same fashion. However, after considerable debate we have decided that Sen. Symms' proposal will certainly force the MDBs to pay closer attention to the environmental considerations of their loans and to share their findings with the public.

Clearly, it is not in our interest to require the Treasury Department to write 200 to 300 Environmental Impact Statements each year. (The entire U.S. Government only writes 500 to 600 statements a year.) However, it would be most useful if each MDB prepared an environmental analysis of a proposed project equivalent to an EIS and made it a public document prior to a project coming to a vote for funding. Such a process would allow our government, and all other donor governments, to evaluate the environmental impacts of each MDB project before the Bank votes on authorization.

We urge this Subcommittee to direct the Treasury Department to undertake a review of this proposed legislative initiative and to report its findings to the Congress. We would be particularly interested to learn the impact of such a requirement on the MDB's. We believe that the MDB's would respond favorably to this requirement if the alternative were a United States vote against any MDB funded project for which an environmental analysis has not been prepared.

We are pleased to hear that the Department is about to issue voting instructions to its executive directors to the MDB's concerning the protection of tropical forests. Also in the work are voting instructions for the protection of wetlands. The Treasury Department has already issued voting instructions on grazing projects in Sub-Saharan Africa. We hope that these new instructions will increase the pressure on the MDB's to review proposed projects which may have an adverse environmental impact on any of these resources. Our thanks to the Treasury Department for moving ahead on adopting these new voting instructions.

United Nations Environmental Program

United Nations Environmental Programme (UNEP) has a significant role to play in bringing together the member nations on important environmental issues and to seek appropriated solutions to these problems. Yet, this agency has been under funded for many years by the U.S. We are asking this Subcommittee to appropriate $12 million dollars for FY '89, as opposed to the $8 million dollars appropriated last year.

Depletion of the ozone layer, which shields the earth from harmful levels of ultraviolet radiation, is a critical issue. UNEP was instrumental in preparing a protocol which will establish global controls for CFC's. We are pleased that the Congress has ratified this protocol. This protocol is only the first step in what will be a long and difficult journey to protect the ozone layer. Adequate funding for this agency is essential if this and the many other international environmental problems needing attention are to be properly addressed by UNEP.

CLOSED ATTITUDE OF WORLD BANK

Senator INOUYE. To what do you attribute the strange attitude on the part of the World Bank?

Mr. WILLIAMS. Secrecy in documents and project planning. Probably your guess is as good as mine. The banks have always operated in a manner which was just between the country and the bank themselves. And they feel that this is, confidentiality is very important in order to negotiate these loans.

And there is certainly some need for confidentiality. I think we can agree. But it has gotten to the point of being extreme, where everything is locked away from public view and it has gotten institutionalized to the point where it is very difficult to open that process up.

Senator INOUYE. Can you prepare for the subcommittee a memo on this experience you have had with the World Bank? I would like to communicate with Mr. Conable, and before I do I want something in the files.

Mr. WILLIAMS. I would be glad to do that. I would be very pleased.

Senator INOUYE. I thank you very much. It is very seldom that you hear of the Sierra Club getting involved in high finances.

Mr. WILLIAMS. Well, it is a new world for a lot of the environmentalists, but we are finding that there are some very productive things we can do. Thank you.

June 17, 1988

The Honorable Daniel K. Inouye, Chairman
Subcommittee on Foreign Operations
Senate Committee on Appropriations
128 U.S. Capitol Building
Washington, DC 20510

Attention: Richard Collins

Dear Mr. Chairman:

Thank you for the opportunity to testify at the public witness hearing before the Subcommittee on June 14 concerning the environmental performance of the multilateral development banks (MDBs). We are responding to your request for a description of how the World Bank's information policies have impeded access to critical documentation with respect to the content of Bank loans.

The World Bank's Information Policies

World Bank documents contain crucial information concerning actual and anticipated impacts on the environment, natural resources, public health, and indigenous peoples. Information about the World Bank's policies for a particular country and the design of projects supported by the institution in that country are contained in a series of readily identifiable documents:

- Country program papers, which lay out the Bank's long-term lending plan for particular countries.
- Project briefs, in which the basic outline of a project is first set out and which form the basis for the appraisal process.
- Appraisal reports, which contain a detailed description of project design as a result of the Bank's analysis of the viability of the project. Appraisal reports, together with the President's report and recommendation, form the basis for action by the Board of Directors on a project.
- Loan agreements, which set out the obligations of borrowing countries and the Bank, as well as any conditions that must be satisfied by the borrowing country under the loan to protect the environment, natural resources, public health, and indigenous peoples.
- Project performance audit reports, which contain frequently revealing evaluations of the success or failure of a project after its completion.

These documents all contain formal recommendations and findings that have either been communicated to or approved by the borrowing country government concerned.

In addition to these basic categories, the Bank's files contain a large number of other internal documents that discuss environmental issues. These include communications between the Bank and member country governments, reports of monitoring and supervision missions, and mid-term reviews. The voting records of members of the Board of Directors and the minutes of Board meetings are also highly relevant to Board disposition of environmental and other issues raised by particular loans.

None of these documents are typically available to the public from the Bank, either before or after Board approval of a particular loan. Often the most detailed publicly available description of a proposed loan is contained in the Bank's Monthly Operational Summary. However, this document contains only a one- or two-sentence description of proposed loans. The only public information routinely available about approved loans appears in the Bank's annual report, which also contains at most a few sentences describing each case.

The information currently available to the public is totally inadequate for any sort of meaningful public input into the Bank's lending processes. The most basic points concerning the need for the loan, project design, and conditionality -- all of which have a direct relationship to environmental impacts -- are secret both before and after Board approval of a loan. This policy of concealment has direct and harmful consequences on local people, who often cannot obtain any information about proposed and ongoing projects that have immediate impacts on their lives, environment, and livelihoods.

A principal reason cited by Bank staff for this policy of secrecy is the need to preserve the confidentiality of relationships with borrowers. Borrowing countries, so the theory goes, are highly sensitive about making information contained in Bank documentation public. The Bank's response has been to withhold critical documentation, including documents which demonstrate or predict harm to the environment, natural resources, public health, and the rights of indigenous peoples.

This rationale for withholding information is plainly flawed. Before we left to visit Botswana in March at the invitation of the Government of that country, the Treasury Department requested from Bank staff the "Incentives/Disincentives Study" prepared as a condition of the World Bank-supported National Land Management and Livestock Project. The Bank denied the request. However, when we arrived in Botswana, we discovered to our surprise that the document was publicly available in Botswana, and we were freely provided with a copy by government officials.

As a result of our visit, NRDC and the Sierra Club entered into an agreement with the Botswana Government, which has been approved at Cabinet level and confirmed by the attached letter. Paragraph 3 of that letter establishes Botswana's willingness to have donors, including the World Bank, release documents to NRDC, the Sierra Club, and the public in Botswana and abroad.

The agreement establishes that it is the Bank's own policy, not policies of borrowing countries, which restricts the flow of information. Indeed, to our knowledge, the Bank has never systematically examined the information practices of individual borrower countries to determine which documents should be released and which should not. Rather, it relies on its own policies, which invariably prohibit public access to critical documentation.

U.S. Policy for World Bank Documents

Authorizing legislation enacted during the last session of Congress and codified at 22 U.S.C. § 262m-5(b)(5) requires the Secretary of the Treasury to instruct the U.S. executive director to each MDB

> to vigorously and continuously promote. . . full availability to concerned or affected nongovernmental and community organization, [sic] early in the preparation phase

> and at all subsequent stages of planning of full documentary information concerning details of design and potential environmental and sociocultural impacts of proposed loans.

This language was carefully negotiated by representatives of the environmental community, including ourselves, with the Treasury. Despite the Department's support for this provision, little has been done by the Executive Branch to reform the Bank's information policies and practices. Absolutely no progress has been made by the institution itself nearly 6 months after the enactment of this provision.

The Executive Branch has or can obtain a large number of World Bank documents. For example, section 520 of last year's Continuing Resolution required access by the Executive Branch upon request to

> any document developed by or in the possession of the management of the international financial institution, unless the United States governor or representative of the institution certifies to the Committees on Appropriations that the confidentiality of the information is essential to the operation of the institution.

After World Bank documents have been obtained by the Executive Branch, however, official policy is not to make them available to the public on the theory that their character as Bank documents prohibits their release. Although we have not tested this position with a formal request, Treasury personnel inform us that the Department could and would withhold Bank documents under the Freedom of Information Act.

The one exception that we know of to these policies is an annex to the library at the Department of Commerce, where appraisal reports of approved projects are available for inspection by members of the business community who wish to submit bids on a project. Although we have been assured by the Treasury Department that we could obtain access to these documents, they still represent a very small proportion of Bank documents describing only loans that have already been approved. Virtually no Bank documentation is available from the Executive Branch concerning proposed loans, which are at a stage in the project cycle when anticipated adverse effects can most effectively be prevented or mitigated.

Recommendations to the Subcommittee

Actions taken by the Congress and the Executive Branch to date have not assured adequate access to World Bank documents by the public in the United States and in borrowing countries. NRDC and the Sierra Club recommend that the Subcommittee on Foreign Operations take the following steps to encourage desperately needed progress on this issue:

- Allow the World Bank one year in which to adopt its own policy permitting free public access to country program papers, project briefs, appraisal reports, loan agreements, and project performance audit reports. Instruct the Treasury Department that, if such a policy is not adopted by the Bank within a year's time, these documents are to be released to the public unilaterally by the United States. Such an instruction will create strong incentives for both the Bank and the Treasury to implement reforms rapidly on the most important categories of documents.

- With respect to other Bank documents, instruct the Treasury Department to request the Bank to develop a "Freedom of Information" policy setting out specific criteria for public release of particular documents or portions of documents.

This policy should be formulated and implemented within a year's time.

We hope we have adequately addressed your concerns about the issue of public access to Bank documents. We urge the Subcommittee to take decisive action to reform the World Bank's restrictive information practices, which have direct and harmful consequences in the developing world and which are flatly contrary to our own democratic tradition.

Cordially,

David A. Wirth (bd)

David A. Wirth
Senior Attorney
Natural Resources Defense Council

Larry Williams (bd)

Larry Williams
International Representative
Sierra Club

Enclosure

Telephone [illegible]
Telegrams [illegible]
Reference: LG 2/20/19 II(118)

REPUBLIC OF BOTSWANA

MINISTRY OF LOCAL GOVERNMENT AND LANDS
PRIVATE BAG 006
GABORONE
BOTSWANA

28th April, 1988

D Wirth
National Resources Defence Council
1350 New Your Avenue N.W.
WASHINGTON DC 20003

L. Williams
The Sierra Club
330 Pennsylvania
SE
WASHINGTON DC 20003
U.S.A.

Dear Mr. Wirth and Mr. Williams,

I must apologise for the delay in communicating with you, following your recent visit to Botswana, as I know you were anxious to have some written understanding by the time you returned to Washington.

However, I felt it would be most appropriate if I broadened th. understanding by consulting with the other relevant Ministries and with my Cabinet colleagues. I have now completed this process and I am happy to be able to write and confirm the following points:

1. Botswana is willing to exchange information, expertise and views with National Resources Defence Council, the Sierra Club and other organisations of similar concern in order to assist Botswana's efforts to encourage sound land management, environmental conservation and a proper regard for the environment in its development projects.

2. Given Botswana's specific concern in relation to rangeland degradation and allied problems, we are also willing to exchange information, expertise and views on the following items:-
   - implementation of the National Land Management and Livestock Project
   - implementation of policies to encourage sound land management on Tribal Grazing Land Policy ranches and the communal areas
   - adoption and implementation of the National Conservation Strategy
   - implementation of the recommendations of the study on incentives and disincentives in the livestock sector
   - improving the National Development Bank's monitoring and enforcement of loan conditions for TGLP ranches and
   - education and training of environmental professionals.

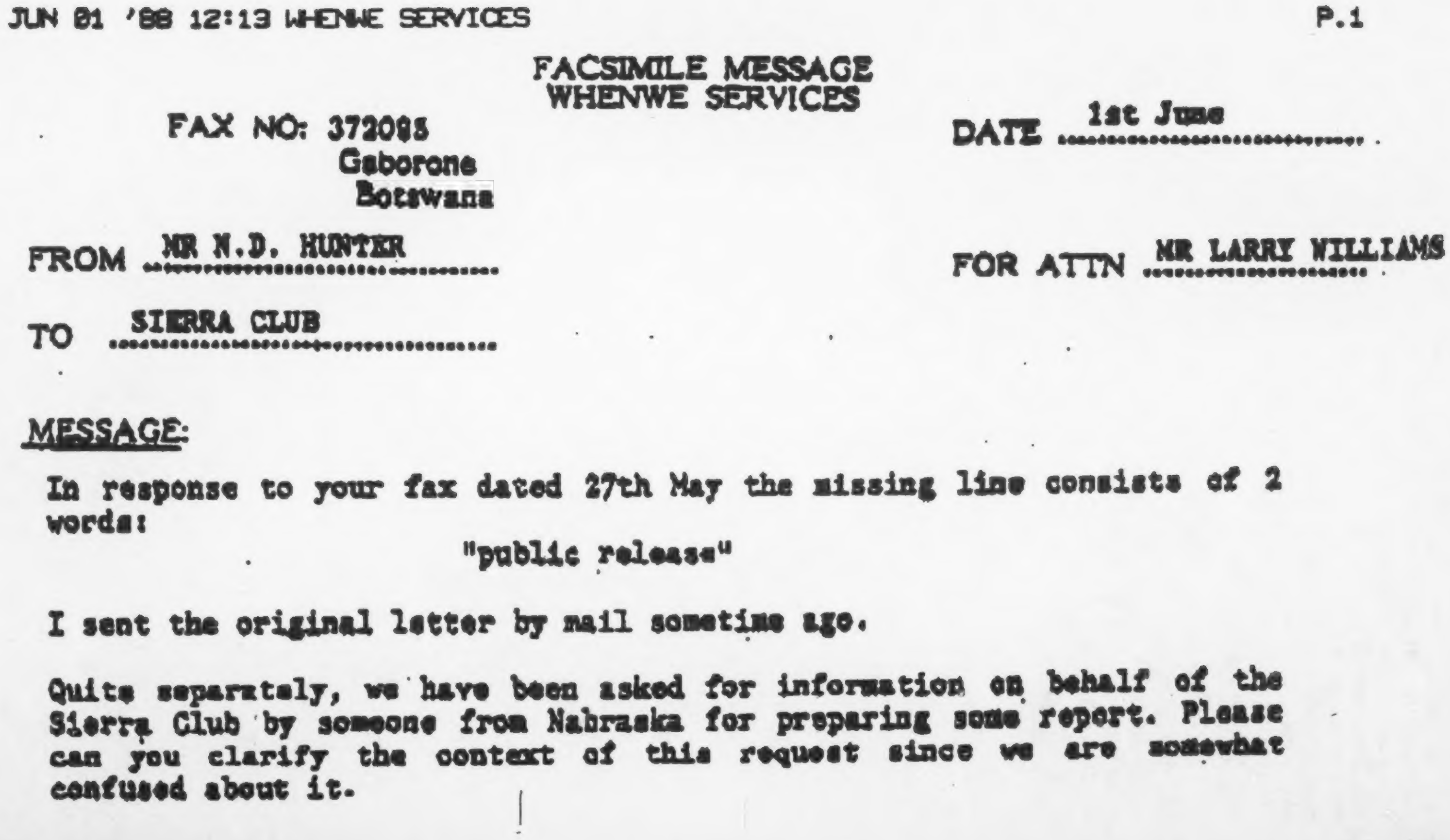
3. Botswana is perfectly happy for NRDC and the Sierra Club and other organisations of similar concern to be given copies of final reports that have been accepted by Botswana Government in relation to projects, studies and policies. We are also willing to reassure doners that such reports can be supplied by them.

I would also like to confirm that we would be grateful for your help, if we so require it, in obtaining financial and/or technical assistance for projects and programmes under our own auspices or under Non Government auspices. Such assistance may well be requested in relation to the National Conservation Strategy, where we will be specifically interested in promoting conservation; diversifying rural employment; developing tourism; planning good urban environments; utilising wildlife; and promoting sustainable livestock development, amongst other things.

I do hope you find these points a satisfactory basis on which we can build mutual cooperation and benefit. We certainly enjoyed your visit and the chance it provided to have valuable discussions and to show you something of Botswana. We look forward to continuing the dialogue.

Yours sincerely,

P.K. Balopi
HONOURABLE MINISTER



JUN 01 '88 12:13 WHENWE SERVICES P.1

FACSIMILE MESSAGE
WHENWE SERVICES

FAX NO: 372098
Gaborone
Botswana

DATE 1st June

FROM MR N.D. HUNTER

FOR ATTN MR LARRY WILLIAMS

TO SIERRA CLUB

MESSAGE:

In response to your fax dated 27th May the missing line consists of 2 words:

"public release"

I sent the original letter by mail sometime ago.

Quite separately, we have been asked for information on behalf of the Sierra Club by someone from Nabraska for preparing some report. Please can you clarify the context of this request since we are somewhat confused about it.

RECESS

Senator INOUYE. Thank you. I would like to once again call a short recess. There is a vote upstairs, and I will be right back.

[A brief recess was taken.]

NATIONAL WILDLIFE FEDERATION

STATEMENT OF BARBARA J. BRAMBLE, DIRECTOR, INTERNATIONAL PROGRAMS, NATIONAL WILDLIFE FEDERATION

PROGRAMS SUPPORT

Senator INOUYE. Our next witness is Ms. Barbara J. Bramble, Director of the International Programs, National Wildlife Federation.

Ms. BRAMBLE. Good afternoon, Mr. Chairman. Thank you very much.

I am, as you may recall, the Director of International Programs of the National Wildlife Federation, which is the largest private conservation organization in the United States, with over 5.1 million members and supporters who are dedicated to the wise use and management of natural resources and the protection of the global environment.

I am going to focus my remarks on three points today. But I would like to, before I start that, emphasize our strong support for the statement that will be given by Natural Resources Defense Council dealing with the U.S. aid-financed natural resources activities in Africa, biological diversity, also financed by aid, U.S. contributions to UNEP and to CITES, and our strong support for family planning abroad.

I also want to join with Larry Williams in thanking you personally for the effort that you have made and this entire subcommittee has made over the years in assisting work that we began a long time ago. And you have made it possible for the reforms that we are talking about today to come to pass.

As you recall, last year at this time, when I was testifying before this same subcommittee on the multilateral banks, I focused on my attention on the lack of progress that had been made by the Inter-American Development Bank.

We were specifically talking about their failure to take seriously the environmental and indigenous people's conditions pertaining to the highway loan in northwest Brazil in the state of Acre.

There have been several other projects with the IDB with similar problems. But Mr. Chairman, I would like to say that two positive, very important events have occurred at the IDB over the last few weeks, and I would like to point them out to you.

The first, as Larry Williams mentioned, is the inauguration of the new president, Mr. Enrique Iglesias. He has on several occasions demonstrated his understanding of sound natural resources management and its role in economic development, and he himself was one of the senior advisors to the 1972 UNEP conference on the environment in Stockholm. His presence, I think, signals the possibility of a new era at the IDB.

ACRE ROAD PROJECT

The second development concerns the infamous Acre Road project itself. Recently, courageous IDB staff decided to tackle the problems in Brazil head on. They used the prestige of the bank to induce Brazilian federal and state agencies to deal with each other for the first time.

And this is crucial because lack of cooperation among the authorities in Brazil is a key reason for the past failure to implement the protection plan. But more importantly, the IDB staff insisted that local people affected by the project, including indigenous tribes and the other organizations be invited to the meetings and have full participation.

Thanks to the work of the recent staff mission to Acre, the indigenous groups actually will have a say in the setting of the legal boundaries of their land.

In addition, one of the agreements reached during that meeting has greatly increased the area of forest reserves in the project region, almost doubling the extent of such reserves in the whole country.

And while I am not going to say that this one meeting guarantees that the new agreement with Brazilian authorities is going to work any better than the old one did, but I think the IDB is on the right track.

I think the reforms that we have sought before are still needed. Those include additions in certain kinds of trained staff and the formation of a specific environmental unit within the IDB that reports to their environmental management committee.

But what the IDB did in the last few weeks has shown that the MDBs do have the power and the authority to move borrowing countries toward accepting participation of local people in project decisions and in implementation.

We have long believed that that was true, and we were glad to find out that the IDB now believes it as well. And we hope that that major step will receive the recognition and support for your subcommittee.

ENVIRONMENTAL CONDITIONS IN BRAZIL

The second thing I want to talk about is the contrast between that recent action by the IDB and the World Bank's failure to come to grips with enforcement of environmental conditions in Brazil.

As members of the subcommittee, and you yourself, have followed over years and years, the World Bank has been struggling with the problems caused by massive projects that they have financed, especially in Amazonia.

The Polonoroeste project and the Carajas iron ore mines are two about which we have given information to your subcommittee in great detail.

POLONOROESTE PROJECT

In Polonoroeste, deforestation is still continuing unchecked, and malaria incidents are skyrocketing. The Carajas iron mine is leading to devastating consequences for the region. Twenty-two iron more smelters now, consequences of the mine itself, have been approved in the Amazonian region to export pig iron and allies.

In order to compete in the international market, these smelters must use a cheap fuel. And what they are going to use is the tropical rain forest converted into charcoal. There are no plants to replant the trees in the cutover areas, because that would be too expensive. The rain forests will be sacrificed in the vicinity of these smelters and furnaces.

Now, the World Bank is not lending the funds to construct these plants, and it claims to have no enforcement power over the smelters, because its Carajas iron mine loan is already disbursed. But the government of Brazil has pledged to protect the environment in that Carajas project area, under the terms of the original Carajas loan from the World Bank.

At the same time that all these controversies are raging, the World Bank is contemplating a new loan of up to $500 million in what is called the second power sector loan to Brazil.

In our view, the World Bank is having real trouble getting the government agencies in Brazil to take seriously the obligations that they undertake in the form of loan conditions.

Apparently, one part of the government seems to think that it is under no obligation to consider the environmental problems that are caused by its licensing of the pig iron plants, even though another part of the government has plainly accepted this obligation as part of the Carajas loan.

The mining company itself, which is the state-owned company, is actively selling the ore and transporting the resulting pig iron for the smelter companies. In our view there can be little doubt that Brazil has flouted the Carajas loan agreement.

The only way that the World Bank can reassert its position is to delay approval of additional loans to Brazil until the conditions of the previous loans are in compliance.

We talked to Bank staff members and we know that the problems of enforcement in Brazil, they know that the problems of enforcement in Brazil must be dealt with strongly.

Nevertheless, it is really difficult for them to hold on to the right position without support from the major donor nations. Thus, Mr. Chairman, we are recommending inclusion in this year's MDB appropriation of the following report language.

Something like, the committee expects to see progress on fulfillment of the environmental conditions of the World Bank loan for the Carajas iron ore project before future loans to Brazil are allowed to come before the board.

If this step is not taken, environmental conditions in World Bank loans will be seen as window dressing agreements that are only made to be broken.

WORLD BANK GENERAL CAPITAL INCREASE

I would like to turn just for one final minute to the general capital increase for the World Bank. I definitely recognize and want to emphasize that we appreciate the effort that President Conable has made toinitiate environmental reforms at the World Bank.

We also appreciate the strong efforts that the Department of the Treasury has made to ensure that continued environmental reform is a part of the agreement governing the GCI.

However, the National Wildlife Federation still believes that several steps must be taken before we can support the multibillion-dollar increase in capital that is to be provided to the World Bank through approval of the general capital increase.

First we think that more specific details of the general capital increase agreement itself need to be publicly available, or at least available to Congress, so that we can be sure of the commitment to environmental reform in the future.

The commitment of Bank president Conable seems clear, but it is the Bank's board of governors who negotiate the GCI, and it is their support for environmental reform that is crucial.

Actual implementation of the announced reforms should be demonstrated in the new project portfolio, and so far it has not yet been. And the regional environmental units must be given more authority and the resources to review projects.

REPAYMENT OF EXTERNAL DEBT

Second, and perhaps more important, as we have shown to this and other subcommittees, the urgent need to repay the external debt is forcing many debtor nations to sacrifice their natural resources in order to earn short-term foreign exchange.

The debt constraint is also limiting their ability to invest in environmentally beneficial projects that would safeguard long-term economic growth. Thus the failure to include debt relief measures, really serious overall debt relief measures as part of the GCI, leaves the overall debt crisis, including the effects of the debt on the environment unresolved.

So we agree with Representative Bruce Morrison who suggests that if we make these resources available, and he is meaning the GCI, we will make them available in a context that promotes debt relief.

Debt relief need not be open-ended, and it need not be complete. But it should be conditioned on a nation's willingness to invest in its own future development, and that for us includes programs which enhance the natural resource base on which future economic growth depends. And we ask your support to try to salvage something of benefit to the future of the world from the tragedy of the debt crisis. Thank you.

[The prepared statement of Ms. Bramble follows:]

Working for the Nature of Tomorrow.
NATIONAL WILDLIFE FEDERATION

TESTIMONY OF

BARBARA J. BRAMBLE

ON BEHALF OF THE

NATIONAL WILDLIFE FEDERATION

Good afternoon, Mr. Chairman. I am Barbara J. Bramble, the Director of International Programs at the National Wildlife Federation. The Federation is the nation's largest private conservation organization with over 5.1 million members and supporters, dedicated to the wise use and management of natural resources and protection of the global environment.

I thank the Chairman and members of the Subcommittee for the opportunity to testify today regarding the impact of multilateral development banks (MDB) lending on sustainable use of natural resources in the borrowing countries. I will focus my remarks today on the environmental issues associated with World Bank lending in Brazil, with the General Capital Increase (GCI) for the World Bank, and with the status of environmental reform at one of the regional MDBs, the Inter-American Development Bank.

In light of the time constraints, I will confine my remarks to the issues described above. At the same time, I would like to indicate the National Wildlife Federation's strong support for the views expressed by the Natural Resource Defense Council concerning U.S. AID-financed natural resource activities in Africa, the biological diversity programs also financed by AID, U.S. contributions to UNEP and CITES, and support for family planning programs abroad.

1. Environmental Reform at the Inter-American Development Bank (IDB)

Mr. Chairman, you will recall that at this time last year, when I testified about the status of environmental reforms at the MDBs, I focussed my attention on the lack of progress made by the Inter-American Development Bank. Particularly disturbing was the bank's failure to make any serious effort to enforce the environmental and indigenous peoples protection conditions pertaining to the highway loan in the state of Acre in northwest Brazil.

As recently as April of this year, when testifying before Mr. Obey's House Subcommittee on Foreign Operations, my colleague Stewart Hudson pointed out similar problems with IDB projects in Central America, Ecuador and southern Brazil.

Mr. Chairman, two developments have occurred at the IDB over the last few weeks which deserve our attention and support. The first is the inauguration of the new IDB President, Mr. Enrique Iglesias of Uruguay. Mr. Iglesias has on several occasions demonstrated his understanding of sound natural resources management as a fundamental basis for development; he was one of the senior advisors to the 1972 U.N. Conference on the Global Environment held in Stockholm. Mr. Iglesias is well known in Latin America for his commitment to, sustainable development. In a recent letter to major environmental groups in the United States he wrote, "All institutions engaged in development have a special responsibility in regard to the sustainable use of natural resources and ecosystems. Moreover, development institutions are clearly accountable to the people who will be affected by development projects."

The second development concerns the infamous Acre road project itself. After considerable delay and vacillation, and under prodding from you and other members of this Subcommittee, IDB staff have taken a major step which finally demonstrates that certain loan conditions will be treated as serious undertakings by the IDB.

You may recall that loan disbursements for the Acre road project were informally held up and then suspended in 1987, because almost no action had been taken by the Brazilian federal and state agencies responsible for implementing the environmental and indigenous peoples protection plan. Unfortunately, this funding halt led merely to a stalemate for several months, while both sides contemplated the possibility of simply cancelling the loan, which would have nullified the conditions. Since paving of the road was already well along, this would have been the worst possible outcome.

Instead, courageous IDB staff decided to tackle the problems head on; they set up a meeting in Acre last month at which all the interested parties were represented. They used the prestige of the bank to induce federal and state agencies to deal with each other, which is crucial since lack of cooperation among the authorities is a key reason for past failure to implement the protection plans. More importantly, the IDB staff insisted the local people affected by the project, including indigenous tribes and rubber tappers, be represented at the meeting as well.

For three days these individuals from vastly different walks of life were forced to listen to each other. The IDB staff went even farther, and declared that the bank would not agree to resume disbursements for the project unless the indigenous groups accepted the conservation plans. As you recall, one of the critical elements of this project has always been the long-delayed demarcation of Indian lands. Now, thanks to the work of the recent staff mission to Acre, the indigenous groups actually will have a say in setting the legal boundaries of their lands.

In addition, one of the agreements reached during the meeting greatly increased the area of forest reserves in the project area, almost doubling the extent of such reserves in the whole country.

While this one meeting does not guarantee the new agreement with Brazilian authorities will be fulfilled any better than the old one, the IDB seems to be on the right track on this project. To ensure the momentum is maintained, the IDB probably will have to keep someone in the field to moderate and monitor progress for a few years. Occasional visits by staff would almost certainly be inadequate.

In addition, the reforms we have sought several times before are still needed at the IDB: the addition of staff trained in environmental and social science fields, and formation of an environmental staff unit associated with the Environmental Management Committee.

I want to reemphasize the significane of the recent action in Acre. We have long believed the IDB and the other MDBs could move authorities of borrowing countries toward accepting the participation of local people in project decisions and implementation. Now forward-thinking IDB staff have proven this can be done. We believe such a major step deserves recognition and support by this Subcommittee.

2. The World Bank Carajas and Electric Power Loans

By contrast to the IDB's strong move to come to grips with enforcement of environmental conditions, the World Bank is floundering in Brazil. There is a long history in that country of environmental conditions being ignored, with consequent devastation of tropical rain forest and destruction of indigenous people's lands. As members of this Subcommittee have followed in detail, the World Bank has struggled for years with the problems caused by vast projects they have financed in the Amazon.

Disregard of the environmental damage caused by the Polonoroeste project in Rondonia eventually led the World Bank to suspend disbursements for a short time in late 1984, the first time ever for environmental reasons. No real improvements resulted from the suspension, and devastation of Rondonia's rainforests continues at an alarming rate. A new proposal involving several hundred million dollars, to try to stem the skyrocketing incidence of malaria in the project area, is being prepared. Next came Carajas, the giant iron ore mine and 900 kilometer railway, completed in 1987. The environmental conditions for building the mine itself were fulfilled, but the project is leading to devastating consequences for the region. Twenty-two iron ore smelters have been approved by Brazil for construction along the railway corridor to export pig iron and alloys. In order to compete in the international market, the smelters must use cheap fuel, i.e. primary tropical forest converted to charcoal. There are no plans to replant trees in the cut-over areas; that would be too expensive. The amount of tropical forest these smelters will consume each year is difficult to calculate, but will make inroads into the forest base that can never be recovered. The forest will be sacrificed forever in the vicinity of the smelters and furnaces.

Section 3.10 of the World Bank loan agreement for Carajas requires that "the Borrower shall take all action, as shall be required to ensure that the execution and operation of the Project are carried out with due regard to ecological and environmental factors...". The area of influence of the project is defined as the area included in a radius of 100 km. from the iron mine and the railroad. Construction of the pig iron smelters and the use of the forest as fuel would affect "ecological and environmental factors" of the project area, and thus fall within the responsibility of the Borrower.

The Borrower is the state owned mining firm, Companhia Vale do Rio Doce (CVRD), which built the mine and railroad. It is selling iron ore to the smelting companies, transporting the ore to the smelters and the resulting pig iron to the port at Sao Luiz.

In our view CVRD is actively participating in and assisting the operation of the pig iron plants in violation of Section 3.10 of the World Bank loan agreement. Moreover, the smelters are being approved by the Interministerial Council for the Greater Carajas Program, another agency of the Brazilian government. Under Brazilian law, the smelters should not have been approved without preparation and review of environmental impact assessments (called RIMA's in the Brazilian regulations). RIMA's have not yet been prepared for these plants.

The World Bank is not lending funds to construct these plants, and it claims to have no enforcement power over the smelters because its Carajas loan is already disbursed.

It is our understanding that in addition to the outstanding problems created by Polonoroeste and Carajas, Brazil has also failed to live up to the conditions established in a major power sector loan, approved in 1986, in the amount of $500 million. At the same time as all these controversies are raging, the World Bank is contemplating a loan of up to $500 million in the second power sector loan to Brazil.

The World Bank is having trouble in getting government agencies in Brazil to take seriously the obligations they undertake in the form of loan conditions. Apparently one part of the government (the Greater Carajas Interministerial Council) seems to think it is under no obligation to consider the environmental problems caused by its licensing of the pig iron plants, even though another part of the government (CVRD) has plainly accepted this responsibility. The Carajas Council is not obeying Brazil's own RIMA law, and CVRD is actively selling the ore and transporting the iron for the smelter companies. There can be little doubt that Brazil has flouted Section 3.10 of the Carajas loan agreement.

The only way the World Bank can reassert its position is to delay approval of additional loans to Brazil until the conditions of previous loans are in compliance.

This is especially important with regard to environmental conditions, because these are usually long-term requirements which outlast project construction and loan disbursements. Thus, if environmental conditions are ever to be taken seriously, their enforcement must continue, using the leverage of future loans.

Many Bank staff members know that the problems of enforcement in Brazil must be dealt with strongly. Nevertheless, it is difficult for them to hold to the right position without support from the major donor nations.

Thus Mr. Chairman, we recommend inclusion in this year's MDB appropriation the following report language:

> "The Committee expects to see progress on fulfillment of the environmental conditions of the World Bank loan for the Carajas Iron Ore Project before future loans to Brazil are allowed to come before the Board."

If this step is not taken, environmental conditions in World Bank loans will be seen as window dressing agreements, that are only made to be broken.

3. The Proposed World Bank General Capital Increase (GCI) and Environmental Issues

Legislation now has been introduced calling for an increased U.S. contribution to the World Bank as part of a much larger boost in the capital available to that institution. Although this increase is not large in terms of the amount appropriated on an annual basis by the Congress, (approximately $70.9 million each year for the next six years), it is quite large in terms of the increased annual lending capacity of the Bank. Recent estimates suggest that approval of the GCI would increase Bank lending from $14 billion to $20 billion per year and pave the way for a doubling of the Bank's total lending capital to $171 billion.

For those of us who have been critical of Bank activities in the past, this is a daunting proposition. Without adequate environmental reform within the Bank, an increase on the scale now being discussed suggests that environmental disasters may be bankrolled at an ever increasing rate.

Some important reforms have been undertaken at the World Bank over the past year, many of them well-publicized. Increases in staff, reorganization of environmental divisions in the Bank's four operational regional offices, the institutionalization of guidelines dealing with wildlands, increased collaboration with non-governmental conservation organizations, and studies of the role of environmental issues in the policy dialogues between the Bank and the borrowers, are some of the more important reforms that the Bank has undertaken.

In addition, the U.S. Department of the Treasury, in negotiating the GCI, has made an effort to ensure that environmental reforms continue to be an important part of the Bank's activities in the future. The February 19, 1988 report of the World Bank Executive Directors to the Bank's Board of Governors indicates that "Additional emphasis will be placed on the need for better management of human and natural resources so that countries can achieve truly sustainable development."

These are comforting words to anyone who is concerned about the environmental impact of increased Bank lending. However, there remain three major problems with respect to environmental issues and the GCI.

First of all, the GCI report mentioned above does not indicate specific steps by which the Bank intends to carry out its future environmental mandate. We believe other documents related to the GCI may be more specific, but since these are not available to the public we can rely only on the vague assertions made in the February 19th report. As part of its oversight responsibility, the Subcommittee may want to seek access to these documents, and determine for itself whether or not adequate environmental reform will continue at the World Bank once the GCI is approved.

A second problem we face is the difficulty in evaluating the reforms the bank has already undertaken. The most far-reaching of these reforms were announced only on May 5, 1987 by Bank President Conable. Though the Bank deserves credit for initiating them, experience with U.S. agencies suggests that reforms need to be institutionalized in operations before increased funding is made available. In particular, we have yet to see significant changes in the Bank's project portfolio that reflect increased commitment to environmental sustainability. We are also disturbed that environmental units in the Bank's operational regional offices have inadequate budgets and cannot participate in missions except if expressly requested by Bank country officers, most of whom have little institutional incentive to do so.

As some environmental groups already have suggested, it might make sense to defer consideration of the GCI request until next year, when the results of the environmental reform are clearer. This step should not affect the Bank's current lending position.

The third problem has to do with the impact of the debt crisis on the use of sustainable natural resources in developing countries. As we have shown before this and other Subcommittees, the urgent need to repay foreign loans is forcing many debtor nations to exhaust their natural resource base in the short-term. The debt constraint also limits their ability to invest in environmentally-beneficial projects that would safeguard long-term economic growth.

New lending made possible by approval of the GCI would make only a marginal improvement in this situation. It would meet some of the borrowers' short-term liquidity needs but, as Rep. Bruce Morrision and others have pointed out, most of this lending merely will be recycled to private commerical banks in the United States and other industrialized countries. As a result, increased debt will accumulate in the borrowing countries but their productive capacity will not be enhanced.

Thus, the failure to include debt relief measures as part of the GCI leaves the overall debt crisis, including the effects of the debt on the environment, unresolved. Moreover, recycling money through Third World central banks does nothing to promote investments in natural resource activities that will safeguard future economic growth.

Mr. Chairman, I want to recognize the effort President Conable has made to initiate environmental reform at the World Bank. We also appreciate the strong efforts the Department of the Treasury has made to ensure that continued environmental reform is a part of the agreements governing the GCI.

However, the National Wildlife Federation still believes that several steps must be taken before we can support the multi-billion increase in capital to be provided to the World Bank through approval of the GCI.

First, we believe that more specific details of the GCI agreement need to be publicly available, or at least available to Congress, so that we can be sure of the commitment to environmental reform in the future. The commitment of Bank President Conable seems clear, but it is the Bank's Board of Governors who negotiates the GCI, and it is their support for environmental reform that is most crucial. Actual implementation of the announced reforms should be demonstrated in the new project portfolio, and the regional environmental units must be given more authority and the resources to review projects.

Next, we agree with Rep. Bruce Morrison who suggests, "If we make these resources available, we'll make them available in a context that promotes debt relief." (Congressional Quarterly; April 9, 1988; p. 934.) As the National Wildlife Federation has indicated many times, debt relief need not be open-ended, but should be conditioned on a nation's willingness to invest in its own future development. Such investments should include, but not be limited to, programs which enhance the natural resource base, on which future economic growth depends. Further exploration of the Bank's own ability to grant partial debt relief should be undertaken. At the very least greater attention should be paid to the role the Bank can play in facilitating bilateral and private bank partial debt relief plans, conditioned on countries' investments in sustainable development programs.

Finally, in this context, we believe private commercial banks, which stand to gain the most from approval of the GCI, should play a larger role in offering relief to debtor nations. Some banks have already begun the process of "writing down" Third World debt, but little of this has been translated into debt relief, and less attention has been given to the appropriate conditions under which this relief might be offered. Private commerical banks in the United States, also should find a way to indicate their support for associated debt relief measures.

GCI AUTHORIZATION

Senator INOUYE. I am certain you are aware that the GCI has not been authorized yet.

Ms. BRAMBLE. There is a little way to go before it gets to the stage.

Senator INOUYE. The only thing we can do at this stage would be to appropriate moneys subject to authorization. We may consider a small amount to indicate America's presence in the World Bank.

But I will be communicating with Mr. Conable, as I indicated to Mr. Williams. And I will do so on this iron ore business also.

Ms. BRAMBLE. Thank you very much. We are bringing this to the attention of other countries. The executive directors from several have been contacted already. And so it will not be a question of the U.S. standing alone, I hope.

Senator INOUYE. This reminds me of some of the problems our Indians have had.

Ms. BRAMBLE. Very much. And it may interest you to know that the Indian leaders in Brazil have recently had a very great triumph in lobbying for improvements in the draft constitution that was recently adopted in Brazil, and several of the provisions that were unbelievably damaging to the interests of Indians were removed from the constitution.

Senator INOUYE. Well, good for them. I thank you very much, Ms. Bramble. It is good to have you here.

NATURAL RESOURCES DEFENSE COUNCIL

STATEMENT OF DAVID A. WIRTH, SENIOR ATTORNEY, NATURAL RESOURCES DEFENSE COUNCIL

ACCESS TO INFORMATION AT WORLD BANK

Senator INOUYE. Our next witness is the senior attorney of the Natural Resources Defense Council, Mr. David Wirth. Welcome, sir.

Mr. WIRTH. Thank you very much, Mr. Chairman. Like the previous two witnesses, I would like to echo the thanks of the environmental organizations for the good work that has been done by this subcommittee, yourself, and other members of it, and I hope that we can continue to work together fruitfully in the future.

I would just like to summarize a few issues in my testimony. But before I do that, I would like to follow up on some points that were made by Mr. Williams from the Sierra Club about access to information at the World Bank.

As Mr. Williams described, he and I took a trip to Botswana where we came to an agreement with the government about access to World Bank documents pertaining to projects and policies in Botswana.

I would like to point out that this agreement of itself flies in the face of the stated reasons that the institutions have given for secrecy of information. And that is that borrowing country governments do not want these documents released to the public.

Well, in the case of Botswana, a lot of the documents that are held by the World Bank are actually public documents in Botswana and around the world. So our agreement, NRDC's and the Sierra Club's agreement with the government of Botswana directly contradicts the basis for the World Bank's information policy.

NRDC is about to submit a request to the World Bank that will be supported by the government of Botswana for a series of documents, and we will be glad to keep you informed of that request. And I think that the World Bank's response to our request will be very telling.

I would also like to point out that authorizing legislation enacted last year concerning the environmental, the U.S environmental policy toward the World Bank and the other multilaterals expressing sets out access to information as a goal that the administration should be pursuing, so that there is a firm statutory basis for this committee's inquiry into the issue.

ENERGY DEVELOPMENT IN THIRD WORLD COUNTRIES

Mr. Chairman, I would like to point out, draw to the committee's attention, a very important issue concerning development in the Third World, and that is energy.

Energy development projects in the Third World, as in developed countries, as in our own countries, can have profound environmental effects. Large dams can displace local populations, they can cause siltation, salinization, and the destruction of fisheries downstream.

Fossil fuel-fired installations in the developing world, as in our own country, can cause local health and environmental problems, acid rain, and other environmental problems.

These are the effects of increased energy investment on a large scale in the Third World. It is becoming increasingly apparent, Mr. Chairman, that energy investments in the Third World also have an effect on our own environment through the phenomenon known as the greenhouse effect.

Carbon dioxide, nitrous oxide, and other products of the combustion of fossil fuel are accumulating in our atmosphere at an alarming rate. And in fact, if that accumulation of gases continues unchecked, we may see increases in temperature of 2.7 to 8.1 degrees farenheit average global temperatures within the next 50 to 100 years.

There is some indication that we are already seeing the effect of this accumulation of gases. The 1980's, according to recent scientific reports, are actually the warmest decade on record, that is the warmest decade since reliable measurements have been kept for about the past 130 years or so.

Because of the accumulation of these gases from fossil fuel-fired installations, we will probably see severe climate disruptions in the near future, including droughts such as are being experienced by our own country right now. Sea level will rise, threatening coastal development in our cities, and we may also see reduced agricultural productivity in areas like our own Midwest.

So the point that I am trying to make, Mr. Chairman, is that energy development policies in the Third World have profound effects both in those countries and for ourselves here.

Of course, energy is important to development, and there is a tremendous late demand for energy services in the developing world. That is, that we can expect to see increased demand for the kinds of services that are provided by energy as development progresses in the Third World.

These can come from several sources, this latent demand can be satisfied from several sources. One is from increased production of energy, increased supply of energy.

Another is end-use efficiency and conservation. And it turns out that many of the developing countries are actually very inefficient users of energy, and there is tremendous potential in these countries for providing energy through conservation and through improved end-use efficiency.

In some countries there are some very startling distortions. For instance in Brazil there is one company that produces an energy-efficient air conditioner for the export market, but because electricity prices in Brazil are artificially low and are subsidized by the government, in fact this same company produces a very cheap energy-inefficient model for domestic consumption.

And until we come up with policies, development assistance policies, that address these types of problems, we are going to see unsound energy policies in the developing world that have effects both in those countries and in our own country.

Energy conservation investments relative to large dams or fossil fuel-fired power plants are low capital. They have a quick payoff, and they ultimately contribute to the efficiency of the economy of these countries as a whole.

Well, this subcommittee can play an important role through setting development assistance priorities for the energy sector. NRDC hopes that aid agencies would devote more attention and resources to energy conservation and to end-use efficiency.

The World Bank currently funds only what it considers to be "proven" technologies in the energy sector, and that is typically fossil fuel-fired installations, large dams, the kinds of energy investments that typically have adverse environmental effects.

There is little innovation on the part of this institution and little attention to alternatives, such as renewables, end-use efficiency, and conservation.

NRDC hopes that this committee in this year's appropriation would include an instruction to both the Agency for International Development and the multilateral banks, basically a two-pronged instruction.

One, to increase the proportion of lending in the energy sector for conservation end-use efficiency and renewables, and also to include an instruction to directing the Agency for International Development and the U.S. representatives to the multilateral banks to insist that before a new energy project is funded, that all alternatives, such as conservation and end-use efficiency, have been examined before that proposal gets approved.

U.N. ENVIRONMENT PROGRAM

Mr. Chairman, I would also in my remaining minutes I would like to stress the importance of an adequate appropriation from this subcommittee for the United Nations Environment Program.

Some of the issues that I have been discussing today, of the issues that I have been discussing today, only the United Nations Environment Program has taken major action to redress them.

For instance, on the issue of global warming, we have the Montreal protocol on chlorofluorocarbons that will ultimately reduce the emissions of these gases by 50 percent by the end of this century. These gases contribute about 20 percent of the global warming phenomenon right now and are among the easiest to control.

The United Nations Environment Program is also poised on the brink of making a big contribution to climate stabilization and reversing the global warming effect. UNEP can initiate rapid negotiations on a multilateral climate convention.

And I would hope that the subcommittee could do two things. Number one, ensure an adequate appropriation of about $12 million, as the U.S. voluntary contribution to UNEP. And also make clear that the committee expects concrete progress on the issues of eliminating chlorofluorocarbons altogether and initiating negotiations on a global climate convention as soon as possible. Thank you very much.

[The prepared statement of Mr. Wirth follows:]

Natural Resources
Defense Council

TESTIMONY OF DAVID A. WIRTH

SENIOR ATTORNEY, NATURAL RESOURCES DEFENSE COUNCIL

I. Introduction

Mr. Chairman, I appreciate the opportunity to testify before this Subcommittee on matters concerning protection of the international environment. I am David A. Wirth, Senior Attorney with the Natural Resources Defense Council. NRDC is one of the Nation's leading environmental organizations, with more than 75,000 members located in every state and many foreign countries. My testimony today also reflects the views of my colleague Thomas B. Stoel, Jr., Director of NRDC's International Program.

NRDC has been working for more than a decade to encourage progress on international environmental issues. In that time, Mr. Chairman, this Subcommittee's close attention to global resource conservation has been extremely valuable. However, much remains to be done, and we look forward to continuing to work with you.

II. Actions Needed To Minimize Global Warming

The problem of global warming of the atmosphere is one of the most serious facing this nation and the world. This Subcommittee should act strongly to prevent irreparable harm to our environment and our security.

There is an increasing scientific consensus that the earth is irrevocably committed to a huge rise in global temperature. The National Academy of Sciences has estimated the potential increase in the next 50 to 100 years at 2.7-8.1 degrees Fahrenheit. The low end of this range would mean global average temperatures not seen in 6000 years. At the high end, we would have to adjust, in less than a century, to temperatures not seen since the Age of the Dinosaurs.

The consequences are staggering:

- A two-foot rise in sea level, well within the range of current predictions, would destroy 80% of U.S. coastal wetlands, inundate 20% of the inhabited land of Egypt, force salt water into coastal drinking water systems everywhere, and cause massive, sudden changes in shorelines worldwide. The Environmental Protection Agency, using conservative assumptions, is predicting a 3-foot rise by 2075.

- One U.S. Government model predicts a tripling of the number of days above 95 degrees F in the Corn Belt if the average temperature globally rises 1.7 degrees C (3 degrees F), reducing yields and changing patterns of agriculture.

- The U.S. Corn Belt would not simply move north. Differences in soil suitability and the availability of water, to say nothing of infrastructure, suggest that the agricultural economy would fall seriously out of balance not only in North America but all over the world.

- Some scientists suggest that global warming will make North America unsuitable for both southern deciduous forests and northern boreal forests, and that the re-establishment of deciduous forests in more northern latitudes probably would not occur as fast as climatic changes.

The question is not whether effects like these will occur, but how much and how fast. The impacts will be neither gradual nor predictable. Until now, rainfall, climate, and related features such as wetlands have changed over millennia. But the consequences of global warming will include profound effects on the distribution of arable land, the productivity of agriculture, the distribution of forests, the availability of fresh water in lakes and streams, the productivity of grazing areas and fisheries, all on a time scale measured in decades.

NRDC believes we must begin immediately to slow, and ultimately halt, the gigantic global experiment of global warming. Delaying the rate at which warming occurs will reduce its consequences and buy time for humanity to alter energy use and other activities so as to limit emissions of these gases to tolerable levels. We must start immediately. Further postponement of the necessary actions will subject us to additional adverse consequences and require us to take more draconian measures in the future.

Mr. Chairman, the United States must be a leader if we are to prevent the devastating effects of global warming. This Subcommittee should play an active role in assuring that we exert that leadership. Specifically, we urge this Subcommittee to:

1. Devote a section of your report to this important issue, emphasizing its importance and describing the actions the United States should take to address it.

2. Call on the State Department to make this issue a prominent feature of U.S. foreign policy, by convening an international meeting of political leaders to consider what needs to be done; raising the issue whenever possible in bilateral discussions with foreign governments; and including it whenever possible in the discussions and action programs of international organizations.

3. Urge other governments to ratify the Montreal Protocol on ozone depletion and to join us in strengthening and speeding its reduction schedule with the virtually eliminating chlorofluorocarbons and halons in 5 to 7 years.

4. Adopt the specific recommendations which appear below concerning the UN Environment Program, the U.S. Agency for International Development, and the multilateral banks.

III. The UN Environment Program

Only one international agency is grappling with all the problems described in this testimony: the UN Environment Program. UNEP plays an essential role as catalyst, coordinator, and international forum. UNEP has been responsive to U.S. interests, and is tightly managed in spite of uncertainties about funding.

NRDC urges this Subcommittee to recommend a U.S. contribution to UNEP of $12 million in FY 89. Our testimony on this subject also represents the views of the National Wildlife Federation, which has more than 5,000,000 members and supporters in its national organization and affiliates.

The future security of the United States and the entire world demands that we address the problems of ozone depletion and global warming. UNEP is the key agency on the world scene. In addition to helping convince nations to ratify the Montreal protocol on ozone depletion, UNEP must enable the world to strengthen the protocol and to address the problem of global warming.

While UNEP has done a good job on ozone depletion thus far, it is now looking to the United States for further policy guidance. Environmental Protection Agency Administrator Lee Thomas recently wrote to Mostafa Tolba, UNEP's Executive Director, requesting UNEP to initiate a preliminary scientific review of the Protocol. While this is a helpful development, the ozone layer cannot tolerate any delay. This Committee should, as a condition of this year's UNEP appropriation, explicitly direct the U.S. representatives to UNEP, beginning immediately and continuing through the 1989 UNEP Governing Council, to urge UNEP to: (1) conduct a scientific review as rapidly as possible, beginning no later than this summer; (2) take all steps needed to reconvene the parties to the Montreal protocol as soon as it goes into effect in January 1989; and (3) complete in the first half of 1989 negotiation of amendments to the Protocol requiring that use of ozone-depleting chemicals cease as soon as possible.

With respect to global warming, UNEP so far has largely been limited to helping coordinate scientific assessments. This is essential, but not nearly enough. It is crucial that this issue move into the policy arena so that concerted, effective actions can be taken to address it. As a condition of this year's UNEP appropriation, this Subcommittee should explicitly require U.S. representatives to UNEP to urge UNEP to move ahead as rapidly as possible in laying the groundwork for a global convention to minimize global warming by limiting emissions of carbon dioxide.

UNEP should also take other badly needed actions, such as:

- Additional steps to implement the Caribbean Regional Seas Program.
- Helping developing nations improve their ability to safeguard their own environments, thus preventing future Bhopal disasters, hundreds of thousands of pesticide poisonings each year, needless destruction of tropical forests, and the spread of the deserts.
- Working more closely with nongovernmental organizations which can help UNEP multiply its effectiveness.

These actions will require additional staff and budget. For example, the essential actions on ozone depletion and global warming described above must the carried out by UNEP's environmental law unit. Yet that unit has only two staff members and a large agenda. The staff now is overstretched in trying to convince nations to ratify the Montreal ozone depletion accord, and has little ability to lay the groundwork for renegotiation of that protocol or take the actions to move the global warming problem into the policy arena. The size of the law unit should immediately be doubled or tripled, at a cost of $600,000-1,200,000 a year.

The Administration's request of $6.8 million is totally inadequate to allow UNEP to take the vitally important actions just described. NRDC and the National Wildlife Federation urge you most strongly to recommend a U.S. contribution to UNEP of at least $12 million for FY 1989. This would allow UNEP to get its head above water and do the crucially important things suggested above. It would make the United States the dominant voice in UNEP's councils. And it would send a signal to other donors and the world community that the United States believes these problems are serious and wants others to join us in addressing them.

At the same time, this Subcommittee should take actions to ensure that UNEP spends these increased funds in the areas of highest priority. You should direct the U.S. representatives to UNEP to urge UNEP most strongly to expand its environmental law unit and move forcefully on the global warming issue, as recommended above. As a second priority, UNEP should be urged to survey the capabilities of developing nations to control pesticides and other toxic substances, and then mobilize aid agencies, the scientific community, and others to meet the needs for assistance identified in the survey.

IV. The U.S. Bilateral Aid Program

The U.S. Agency for International Development has long been a leader among the world's development aid agencies in addressing environmental problems. AID is still doing good things, and recently adopted a good new Environmental Policy. But I am sorry to report that AID's efforts in this area appear to be declining due to budget pressures and competition with other priorities, just when environmental problems demand greater efforts.

This Subcommittee must insist that AID focus its efforts sharply on the most important problems. NRDC recommends that AID do more in four key areas -- energy-related actions to deal with the problem of global warming, environmental assistance to Africa, wildlife protection, and population assistance -- and that AID stop wasting money on misguided pesticide projects in Central America.

Global Warming. AID can help developing nations meet their energy needs in ways that minimize carbon dioxide emissions. Yet AID's energy program is extremely small, and is not focussed on this goal. This Subcommittee should direct AID to:

1. Expand its energy efforts and focus them clearly on energy conservation and renewable energy sources. This should apply especially to ESF countries, where AID is still supporting fossil-fuel energy systems which will exacerbate global warming.

2. Issue guidance to all AID Missions stating that conservation and renewables are to be the centerpiece of AID's energy efforts, and that AID's role in meeting energy needs in these ways must be discussed in every Country Development Strategy Statement.

3. Help key nations develop energy plans that use end-use analysis to identify cost-effective actions to minimize reliance on fossil fuels. To begin with, plans should be developed with AID assistance in each of the major ESF countries: Egypt, Pakistan, the Philippines, and Turkey. Nongovernmental organizations and academic institutions must be fully involved in this planning.

4. Encourage host countries to sponsor meetings with U.S. utility officials and experts to discuss the application of least-cost planning techniques.

5. Become much more active in promoting energy conservation in transportation.

6. Encourage host countries to end energy supply subsidies and rationalize energy prices.

7. Refuse to support large fossil-fuel power plants.

8. Educate other development assistance agencies in the importance of energy conservation, on a systematic basis. AID should use the OECD's Development Assistance Committee to reach other bilateral agencies, and should make special efforts to influence the multilateral banks.

In order to do these things, AID must increase considerably the number of permanent-hire staff with energy expertise. Currently, AID has only about a dozen such employees. AID also should develop a cadre of U.S. experts from industry, academia, nonprofits, and government agencies capable of providing technical assistance to developing countries.

AID's longer-term goal should be a cooperative effort by all the major aid agencies to identify and meet investment and technical assistance needs. This should feature systematic, country-by-country analyses based on end-use principles, with a designated aid agency taking the lead in each country in cooperation with the host government, aimed at the development of national programs to meet the energy needs thus identified.

The steps we have recommended will cost money. As noted above, the ESF program is a way to make a start in key countries. However, ESF funds cannot provide AID with the capability it needs to address the global warming issue. This Subcommittee should recognize the importance of this issue to our national security by requiring AID to expand considerably its non-ESF budget for assistance concerning energy conservation and renewables.

Africa. Environmental problems in Africa continue to threaten the lives of millions. The FY 88 Continuing Resolution required AID to spend at least $500 million on development assistance to sub-Saharan Africa, and to target at least 10% of this sum for efforts to restore the natural resource base and another 10% for family planning assistance.

We urge you to continue these requirements for FY 89, and to take one additional step to ensure that AID focusses its natural resources efforts on effective, small-scale actions to break the cycle of environmental degradation. You can do this by requiring that, in its efforts under the Africa Fund to maintain and restore the natural resource base, AID shall "place primary emphasis on small-scale projects featuring involvement of local people at all stages of project design and implementation." This will ensure that AID's scarce money is spent as effectively as possible.

Biological Diversity. We face the horrifying prospect of losing, in just the next few decades, up to a quarter of all the earth's plant and animal species, due mainly to destruction of tropical forests and other habitats. The economic consequences of losing this huge, untapped resource will be enormous. Even now, one-fourth of all prescription drugs in this country had their origin in tropical plants or animals. The emerging biotechnology industry will be crippled by loss of the wild genes which are essential as starting points for genetic manipulation.

AID recently began a congressionally mandated program to assist developing countries in conserving biological diversity, and is currently spending $4.5 million a year on that program. Yet AID has a huge backlog of excellent projects which it is unable to fund, and the rate of extinction is accelerating. NRDC therefore urges this Subcommittee to earmark $10 million for this purpose in FY 89. The United States could not make a better investment in the future of life on this planet.

This Subcommittee should direct AID to take one other step to ensure that its own actions do not jeopardize the continued existence of any endangered or threatened species. Section 7 of the Endangered Species Act, 16 U.S.C § 1536, requires federal agencies to consult with the Secretary of the Interior to make sure that their actions do not have this effect. AID's environmental regulations require that AID assess the effects of its actions on endangered and threatened species, but they do not require consultation with the Interior Department (see 22 CFR § 216.5). This Subcommittee should make it clear that it expects AID to consult with Interior.

Pesticides in Central America. We urge this Subcommittee to demand that AID and the Department of Agriculture justify according to strict environmental and economic standards the proposed CAPMED and MOSCAMED projects for large-scale use of pesticides in Central America. Because of concerns about the health and environmental impacts of these projects, this Subcommittee instructed AID and Agriculture to put them on hold pending a thorough environmental assessment to be performed by AID. That assessment is due to be completed by July 5. Preliminary indications are that the assessment will be critical of the project on environmental and cost-effectiveness grounds.

Population. We urge this Subcommittee to require that AID sharply increase its spending on population assistance. The Administration's proposed total of about $230 million is $60 million less than the FY 85 level, and there is still a great unmet need for family planning services.

V. The Multilateral Development Banks

We are grateful for the excellent work by this Subcommittee to improve the environmental performance of the multilateral development banks. While much has been accomplished, much more remains to be done, especially in the following three areas.

Global Warming. The MDBs are exacerbating the problem of global warming through their support for fossil-fuel powerplants, rather than contributing to solutions. This Subcommittee should change this situation. You should require the U.S. Government to use least-cost planning techniques to evaluate proposed energy loans by the MDBs, and to vote against loans for large fossil-fuel generating facilities unless all cost-effective conservation measures have been taken. You should require the Treasury Department to report to the Congress within a year on the energy program of each of the MDBs and actions needed to address the global warming problem.

In addition, you should require the U.S. Executive Directors to urge the MDBs to:

- Adopt guidelines requiring the use of least-cost planning techniques in evaluating proposed energy loans, and refuse to support large fossil-fuel or hydro generating facilities unless all cost-effective conservation measures have been taken.
- Prepare environmental impact assessments on every proposed energy loan, including full evaluation of alternatives.
- Require borrower nations to prepare national energy plans based on least-cost, end-use analysis before making sectoral energy loans.
- Expand their staffs in the areas of energy conservation and renewable energy sources.

Environmental Impact Assessment. Nothing would do more to improve the environmental performance of the MDBs than the a rigorous system of environmental impact assessment like international standards set out by the OECD and UNEP and those required of U.S. agencies under our own National Environmental Policy Act. The language on this subject in the FY 1988 Continuing Resolution appears to have had little effect: the MDBs still prepare plans for huge loans with only cursory analysis of environmental impacts, and do not systematically study alternatives which might produce the same result with less environmental harm.

This Subcommittee should require that the U.S. Executive Directors receive evidence that environmental impacts and alternatives have been thoroughly examined, as a condition for any U.S. vote in favor of a loan which would have significant environmental impacts. While the MDBs cannot immediately be held to a standard as high as that required of U.S. agencies under NEPA, because projects being voted on now were planned some time ago, the Executive Directors should put the banks on notice that, before long, they will be held to agreed international standards, such as those of UNEP and OECD.

In order to have time to consider the assessment, the U.S. Directors should inform the banks that, in order to vote in favor of a loan, they must receive the environmental assessment at least 60 days in advance. They should treat the assessments as public documents to be shared with the U.S. public pursuant to the Freedom of Information Act.

Mr. Chairman, our experience in this country under NEPA has proved that reforms like these can produce amazing changes in the behavior of even the most recalcitrant agencies. They will have the same effect on the MDBs.

World Bank Capital Increase. This year the Administration is requesting this Subcommittee to appropriate funds for the World Bank's general capital increase (GCI). The U.S. share will amount to about $70 million per year for six years.

Since President Conable's May 1987 policy announcement, there has been a significant improvement in Bank staffing and training. There have also been difficult moments. For instance, threats of staffing reductions required the Treasury Department to intervene last December to ensure that the Environment Department and the regional units would reach their full complement of professionals.

At the same time, after three years of appropriations legislation sponsored by this Subcommittee, there has been little progress on many key reforms. The Bank does not routinely perform environmental assessments. The Bank has no policy requiring consultation with the local public. Key Bank documents describing proposed projects are kept from the public in borrowing and donor countries alike. In some cases, even representatives of member governments are denied access to Bank documents.

The Bank itself has stated that the test of progress should be the projects it funds. By this standard, there is much room for improvement. A $50 million subsidy for massive pesticide purchases for the Sudan, approved by Bank's Board of Directors in December of last year, explicitly contradicted the Bank's own pesticide guidelines which emphasize alternative pest management procedures over chemical pesticides. The U.S. Executive Director abstained because the conditions for improved pest management by the borrowing country were insufficient.

While NRDC is a strong supporter of the basic mission of the Bank and of appropriations for the GCI, we encourage this Subcommittee to ensure that its appropriation for the GCI is wisely spent by obtaining concrete assurances of environmental progress by the Bank as a condition of the appropriation. In particular, we urge this Subcommittee to obtain from the Bank, via the Administration, a precise statement of the reforms previously mandated by the Subcommittee which will be implemented by the Bank within the next year. We also urge the Subcommittee to insist on debt relief as a condition of the GCI in order to terminate the vicious cycle whereby the poorest countries have to pay out amounts comparable to what they receive in development assistance in the form of interest to private banks in the developed world.

One good thing the Bank has done is to establish a Biodiversity Task Force under the leadership of John Spears, Director of the Environment Department's Science and Technology Division. The Task Force brings together Bank personnel and environmentalists to find ways in which the Bank can avoid harming the earth's tropical forests, wetlands, and marine ecosystems, and instead contribute to their conservation. We hope this Subcommittee will let the Bank know that it approves of this effort, and that you will ask the U.S. Executive Director to urge the Bank to provide adequate staff and other resources to permit the Task Force to achieve its potential.

VI. Adequate Funding for CITES

Mr. Chairman, NRDC requests that this Subcommittee recommend a U.S. contribution to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in the amount of $450,000 for FY 89. Our testimony on this subject also expresses the views of the National Wildlife Federation, which has more than 5,000,000 members and supporters in its national organization and affiliates.

CITES is the principal wildlife conservation treaty. Currently 95 countries are parties. CITES regulates international trade in animal and plant species threatened by overexploitation. The CITES Secretariat plays a vitally important role by monitoring trade patterns and pressing for correction of violations. The Secretariat assists the parties in organizing and holding biennial conferences at which policy decisions are resolved, as well as meetings of committees to ensure smooth running of the Convention.

Unfortunately, shortfalls in contributions and the recent decline in the value of the U.S. dollar have forced the Secretariat to cut its 1988-89 budget severely. As approved by the Parties in July 1987, the budget called for expenditures of $1,389,000 in 1988 and $1,611,000 in 1989. These expenditures have now been reduced to $839,000 in 1988, a 40% reduction, and $1,251,000 in 1989, a 33% reduction.

Unless reversed, these budget cuts will force cancellation of contracts for preparation of materials to assist enforcement officials at countries' borders, monitoring of species conservation legislation, and a newsletter to inform the public; compel severe reductions in essential travel, equipment, and communications. They will make it impossible for representatives from Africa, Asia, and Latin America to participate in meetings of the Standing Committee, which sets policy between conferences, and by requiring extreme cuts in translation services for 1989, including those for Seventh meeting of the Conference of the Parties. They will prevent the Secretariat from monitoring countries' enforcement efforts in order to curb widespread smuggling; in particular, it is essential that a staff person be assigned to press countries to stop illegal and damaging trade in wild plant species, including cacti, orchids, and ginseng smuggled out of the United States.

These circumstances require a U.S. contribution of at least $450,000 to CITES in FY 1989. Even in these times of fiscal constraint, the President's request of $200,000 is plainly inadequate. The United States will benefit from this investment through improved protection of its own wildlife and plant species and better conservation of biological diversity worldwide.

VII. Organization of American States

The House bill includes approximately a 50% cut in the U.S. voluntary contribution to the OAS. It is our understanding that this cut would require the OAS to discontinue its valuable program of technical assistance on environmental matters. Because the OAS can do pre-project planning of a kind not possible for agencies which must rely on loan funds, this OAS assistance can have a valuable, positive impact on the environmental performance of agencies like the Inter-American Development Bank, which has told NRDC that its biggest need is not for environmentally beneficial activities to support for technically qualified personnel to design the needed projects.

We note that the House report calls for a "full review and evaluation" of the voluntary programs of the OAS. We believe it would be more appropriate to carry out this review before cutting the OAS contribution by such an extreme amount and forcing the discontinuance of environmentally valuable activities. We therefore recommend that this Subcommittee fund the OAS at least at the FY 88 level of $12 million, while mandating a study to be completed in time to be taken into account in making decisions for FY 90.

U.N. ENVIRONMENT FUND

Senator INOUYE. Thank you very much. On the matter of the U.N. Environment Fund, the request I believe is $6.8 million.

I intend to recommend $9 million. Some of my colleagues have suggested $12 million. But right now it is a question of how to divide up the limited amount. We may go above $9 million. But at this time I will be recommending $9 million.

Have you ever been refused access to information by the United States executive directors of these MDB's?

Mr. WIRTH. Yes, Mr. Chairman. And the NRDC has made requests for various documents including appraisal reports——

Senator INOUYE. Our directors?

Mr. WIRTH. Yes. To the United States Government, and typically those requests are denied. Occasionally there may be a document that we get through alternative channels.

But the reason for the denial of those requests is ordinarily the information practices of the banks themselves. And I would just note again that authorizing legislation passed last year stresses access to documents of precisely the kind that I am describing here——

Senator INOUYE. Would you provide the subcommittee with a memo on the banks, the U.S. executive directors, and the circumstances?

Mr. WIRTH. Certainly, Mr. Chairman.

FREEDOM OF INFORMATION ON MDB'S

Senator INOUYE. I would like to communicate with them and find out why. Do any of these MDB's have any Freedom of Information Act?

Mr. WIRTH. No, Mr. Chairman. In fact, the MDB's have freedom of disinformation policies.

It is almost impossible to get the simplest description of a project from these institutions. There are short squibs that are put out about projects that are under consideration of about three or four lines typically.

But the more detailed documents such as appraisal reports that describe proposed projects in detail are not available to the public.

And Mr. Chairman, I would like to point out that it is important that these documents be made available, not just to the public in the United States but also the public in developing countries.

Because these are the people who are effected by these projects, these are the people who should have an input into projects that affect their lives and affect their environments. And these are also people who can have a positive effect on the quality of design of projects in general.

Senator INOUYE. I will be sharing the printed testimony, the transcript of Mr. Larry Williams, Ms. Bramble, and you, Mr. Wirth, with the executive directors and ask for their comments, if you do not mind.

What you tell me bothers me. I can understand if the MDB's do not want to share information with you, but I would hope that our executive directors would have been a bit more helpful.

Mr. WIRTH. Thank you very much, Mr. Chairman.

Senator INOUYE. So you will get us a memo on this?

Mr. WIRTH. Certainly. I would like to make one more point before I leave about the United Nations Environment Program, which is that I understand that the subcommittee has to make some very difficult choices.

The UNEP, however, has in the past year, I think, demonstrated its worthiness of its voluntary contribution from the United States through the adoption of this Montreal protocol on substances that deplete the ozone layer.

This is the first global regulatory instrument that has ever been adopted. And UNEP has done, while it has done a good job in the past, it has done quite an excellent job in the past year on organizing these negotiations and getting this through, so that to the extent an appropriation somewhat larger than $9 million could be made available I think that we would be prepared to document precisely the reasons that the organization is worthy of such increased appropriation.

Senator INOUYE. We intend to earmark funds for the Montreal protocol. We are also hoping that other member nations will participate by contributing to this program also.

As you know, it has been a U.S. program from the very beginning. We think we may be able to encourage other countries to come in.

Mr. WIRTH. Thank you very much.

INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT—NORTH AMERICA

STATEMENT OF ROBERT O. BLAKE, SENIOR FELLOW, INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT—NORTH AMERICA, A CENTER OF THE WORLD RESOURCES INSTITUTE

AGRICULTURAL SUSTAINABILITY FOR DEVELOPING COUNTRIES

Senator INOUYE. Our next witness is Mr. Bob Blake, Senior Fellow of the International Institute for Environment and Development—North America, A Center of the World Resources Institute.

Mr. BLAKE. Mr. Chairman, thank you very much. In view of the lateness of the hour, I will try to cut a little bit short and to talk a little bit about what is new in this area.

Senator INOUYE. All of your statements will be made part of the record in total.

Mr. BLAKE. Thank you, sir. Mr. Chairman, I am testifying on behalf of a new group that has formed in this coalition of people interested in development.

It is a committee for agricultural sustainability for developing countries. It is a group composed of 27 organizations, all of the environmental organizations that you have heard this afternoon, plus almost all the PVO's that are working in the field of agriculture development, plus the study institutes and policy institutes which are involved in that. I have a list of that if that would be of interest to you, of the members.

Why was such a coalition formed? I would say it is because of all of our growing concern about the impact on world food supply of the deterioration of natural resources.

I myself have been involved for over 40 years in this problem of development, most recently in the U.S. Foreign Service as chief of mission in a number of developing countries, and since then as a senior fellow of IID. And I have personally seen the deterioration of agricultural production under the impact of heavy, heavy population growth in one country after another.

The newest information on that, of course, is not that from Africa where we saw a deteriorating per capital output of agriculture for the last 20 years, but now it is beginning to affect many parts of Latin America and indeed in more restricted ways some parts of Asia.

We also see not just in this country where we see environmental refugees from Haita and from Central America, but this is increasingly a factor which is causing problems for all of the developed countries of Europe.

INPUT FROM AID

Another positive factor which is new, which I would like to emphasize, is our growing belief that AID has, that the United States has a real role to play in trying to turn this situation around, through new technology, through working more closely with farmers, through many things that we already know how to do. Through, in fact, using a lot of techniques developed in your own State of Hawaii, how to achieve agricultural sustainability in tropical areas.

We believe that AID is the best vehicle to do this, and we are quite concerned that the amount of funds which are being dedicated to this purpose continue to go downhill at a time when the need is becoming really urgent and when it is becoming in our great national interest to begin to make strenuous efforts to turn this down.

I would, without going into all of the various aspects of this problem, which you, Mr. Chairman, know very well, I would just like to say that our group is taking the position of urging that you, in fact include, sorry, that that you add to the AID agricultural budget this year.

We believe that the amount that AID has put forward for this purpose, $461 million plus, is totally unsatisfactory to do this problem. We believe that the needs are so much greater that at least $150 million, a small amount, a big amount, in read dollars, a small amount often in terms of defense dollars and so forth, needs to be spent dedicated toward these programs, which can improve the sustainability of agriculture in developing countries.

The new coalition, and a growing coalition, which includes not only private voluntary organization, environmental organizations but also churches and universities, believe that a new and very special emphasis should be put in aid on their agricultural programs, second only to none.

We believe very strongly, of course, the aid must continue to give support to population programs and particularly to energy programs. We believe probably that aid should cut down the number of objects, and a number of objectives which it has, and concentrate on these areas that are most important to achievement of a new kind of stability in the world between the resources and population.

This is going to be in front of us for as long as you and I are on this earth and for the time of our children too, and it is going to be among the most serious problems that the world faces.

We believe in a narrower way, Mr. Chairman, that the Senate should adopt the language on agricultural sustainability, which was in the Africa section of the Foreign Assistance Authorization Act passed by the House of Representatives last year.

This language condenses in a very articular fashion most of the points that we would like to see done. Mr. Chairman, I think that these problems are going to be with us a long time.

Every year the data indicates the growing seriousness of it and the human impact, the impact on humans of this, and we urge the Congress, and particularly you and your committee, sir, to point up the very great importance not only that we attach to this but that things can be done and have to be done by the United States. Thank you, sir.

[The prepared statement of Mr. Blake follows:]

Testimony Prepared by

Robert O. Blake
Senior Fellow

International Institute for Environment and Development-North America
A Center of the World Resources Institute

Mr. Chairman,

I appreciate the privilege of appearing before your Committee today to support an increased appropriation for the Agricultural, Rural Development and Natural Resource Programs of the Agency for International Development. I am testifying today in the name of The Committee for Agricultural Sustainability in Developing Countries. It is a coalition that has joined together because its members share a strong concern about the state of the world's agricultural systems and these systems' ability to feed the growing millions of people without destroying the resource base on which its productivity depends. Despite its increasing seriousness, we believe that this situation can be turned around and at least partially alleviated by urgent global action in which the Agency for International Development and its agricultural, rural developments, and natural resource programs must play a central role. We must not leave the world a poorer place for the generations which will follow.

I would like to submit for the record, a list of our Committee members and the text of an action proposal which we recently submitted to AID entitled, "The Transition to Agricultural Sustainability: An Agenda for AID". You will see that sustainability is the organizing focus of all that we propose.

May I say a word about what we mean by agricultural sustainability? We mean simply growing crops - or raising cattle or growing trees - in a way that meets evolving human needs without destroying the resource base on which that production is based. We recognize that there are crucial economic, political and sociological conditions which must be met to assure sustainability as well as the environmental conditions which our Committee emphasizes. If we emphasize the environmental aspects of sustainability, it is because environmental aspects have too long been neglected either as "not being really that important" -- or, paradoxically, as not being achievable. To the contrary, more and more evidence indicates that sustainable agriculture is both crucial and achievable. Agricultural sustainability has already been achieved in parts of the United States, in other industrialized countries, and in some developing countries. Now is the time to move further and faster in the same direction, particularly in the developing countries of the tropics where the population is increasing so rapidly.

Mr. Chairman, so that AID can do more to help developing countries achieve that sustainability, the organizations which make up our Committee have come here today to ask you to give the most serious consideration to an urgent proposal. We ask that the Congress, far from decreasing the funding of AID's agricultural, rural development, and natural resource and environmental programs, should rather increase funds for these programs. We advocate this increase despite an understanding of the need for and support of urgent action to reduce our national deficit. We recommend an increase because we are convinced that soon after the turn of the century the world as a whole and the United States in particular will be faced with a crisis of human suffering and political and economic dislocation of dimensions truly difficult to imagine unless urgent global efforts are made to control these developments. To do so will require efforts much greater than what is now contemplated by governments in either the industrialized or the developing countries, or by the international financial institutions. And these efforts must be launched in the next few years to be optimally effective. "Putting the world on a sustainable development path will not be easy". I am quoting here from testimony recently given before the Senate Foreign Relations Committee by Lester Brown, President of the World Watch Institute. He went on to say, "modest increases in energy efficiency, investment or family planning budgets will not suffice. Getting on the path (to sustainability) depends on a wholesale reordering of priorities, a fundamental restructuring of the global economy, and a quantum leap in international cooperation on the scale that occurred after World War II. Unless the desire to ensure a sustainable future becomes a central concern of national governments, the continuing deterioration of the economy's natural support systems will eventually overwhelm efforts to improve the human condition."

That is a stern warning, Mr. Chairman. And it comes not a minute too soon. We have learned that what happens - for good or bad - in one part of the world will sooner than we think have an impact on our own country. The United States and AID must and can have a special, in fact an absolutely indispensable role to play in reversing these trends. This country will have to provide much of the science, the technology, and, yes, the drive to hasten the transition in agricultural sustainability. Congress should declare that it is US policy to help achieve global sustainability of agricultural production at the earliest possible time. And for the accomplishment of this task, we believe that Congress should give the Agency for International Development more of the tools it needs to become a real leader in this movement.

AID will not be alone in efforts to guide its agricultural development programs forward towards sustainability. There is already a movement in this direction in many countries in both the industrialized and the developing countries. An articulate reflection of this thinking is to be found in "Our Common Future", the report of the World Commission on Environment and Development - often called the Brundtland Report, after the Commission's Chairman, the distinguished Prime Minister of Norway. This Commission of 21 nations, of which William Ruckelshaus was the American member, spent two years probing the relationships between the environment and development. It concluded that sustainability must become the focus of all development programs and most specially agricultural programs in all countries. We commend this report to the attention of your Committee.

The Big Questions

Mr. Chairman, I would hope in the small amount of time available to me today to address myself to several questions central to our call for a greater AID effort in agriculture and natural resource development.

First, just how serious and how immediate are the agricultural problems in developing countries?

Second, what are the practical measures that can be taken to solve these agricultural or to lessen their destructive impact?

Third, can AID's best efforts make an important contribution to the developing countries' ability to achieve agricultural sustainability?

And finally, how important is it for the United States' economic, political, and security interests that such efforts succeed?

Question One
How serious and how immediate are the developing countries' agricultural problems?

This is a very complicated question, and I can only give a few facts and draw a few central conclusions:

- Fact One: The population of the developing countries and China is almost doubling every generation. This trend cannot begin to be reversed before the middle of the next century at the earliest, even if the developing countries' family planning programs are highly successful.

- Fact Two: Only urgent common action will make it possible to feed the rapidly increasing number of people in the world. This will require substantial, continuing, and careful intensification of agricultural production on presently cultivated "good land", and the most careful stewardship and optimizing of production on difficult-to-manage marginal lands onto which poor, landless farmers are moving, for the most part of their own volition. Unfortunately, for the first time in human history, there are no more unoccupied good lands onto which landless farmers can move.

- Fact Three: Vast acreages of both highly productive and marginally productive land are being lost every year through mismanagement. For example, as much irrigated land is going out of production every year chiefly as a result of water logging or salinization as is coming into production through the construction of expensive new irrigation systems. Millions of acres of farmland in arid and semi-arid zones and in eroded upland areas are going out of production each year.

- Fact Four: All of this, is already resulting in a per capita decrease of agricultural production, in Africa and parts of Latin America. This negative trend is conservatively predicted to become doubly more serious and to touch other parts of the world within one human generation unless early measures are taken to reverse this trend.

Question Two

Is There Anything That Can Be Done Now To Reverse These Trends?

If I had been testifying a decade ago, I would have been less sanguine about a positive answer to this question, even though at that time most of us were not predicting the seriousness of the population driven resource problems that we see today. Yes, there is a whole lot that can and must be done.

I would suggest to you that the way to begin is through a fourfold effort.

The first task is to step up the development of plant varieties with greater resistance to pests, disease, and climatic stress, and plants capable of being cultivated successfully on less-than-optimal soils.

In practice, this means finding ways to hold on to the now threatened gains of the green revolution and, further, to substantially increase productivity on the best lands - no small task. In addition, there must be a second green revolution, one aimed at the world's poorer farmers forced to live on the more marginal lands. New varieties of their basic crops and new cost-effective and labor-effective ways of protecting soil and water must be developed, and then adapted, to the many environments in which these poor farmers must work. A global reforestation effort of unprecedented scale must be undertaken, to protect soils, to provide energy, and to counteract the trend towards global warming. For this purpose, quick growing trees appropriate for many environments must be developed. Taken together these are towering challenges.

However, the outlook for their achievement is fairly good because of recent scientific progress. The tried and true techniques of plant breeding can hopefully soon be augmented substantially by the new techniques of gene transfer. This research and development will take time and will cost much more than the world is presently spending. AID's present contribution to the development of scientific research through the American universities and through support of international agricultural research centers should roughly be doubled in the next decade. This effort will also require training and retraining for developing country scientists, agricultural technicians, and extension agents.

The second task is to devise better ways to pass on improved technologies of production and conservation to developing country farmers. When all is said and done, it is the farmer who by his and his family's actions has the greatest environmental impact on his own land and, too often, on his neighbor's land. We've learned a lot on this score from mistakes made during the first three development decades. The biggest lesson is that development cannot come just as the result of some kind of a "technological fix". Central to success is the changing of old ways of doing things on the part of human beings. With the farmer, experience has shown that this is difficult, and must come through actual farmer consent to and even participation in the elaboration of new techniques. The farmer must be convinced that he will have an early increase in income or decrease in labor. Extension patterned on American and European models has too often proved to be culturally unacceptable and too expensive. In many countries, new and imaginative systems of getting to the farmer must be devised. We now know - and here AID has begun to take the lead - how better to work with private voluntary organizations and with local grassroots organizations which have shown that they have the confidence of farmers. However, there still is a lot to learn.

The third task is to help create a healthy economic and political environment in developing countries in which farmers will feel that they can bring their products to market with a profit and then enjoy the fruits of their labor. This means helping create adequate rural infrastructure - feeder roads, and storage and marketing facilities; laws and institutions which ensure fair prices for agricultural products; economic, trade, and other policies favorable to rural interests; and means to ensure for farmers tenure of the lands they cultivate. Real progress, for which the United States - in part through AID - deserves much credit, has been made in bringing about economic and agricultural reforms in developing countries and in getting governments to abandon inefficient state-run organizations and inequitable controls. However, the creation of adequate infrastructure is very expensive and should not be overemphasized by AID. As in all aspects of development, there should be a more rational division of labor among donors, with the World Bank generally taking the lead on building infrastructure.

The fourth task -- closely related to the one which I have just described -- is to make major efforts to convince the developing countries that they must put their whole economy on the path to sustainability. This task must involve all donors and all international financial institutions which give economic assistance to the developing countries, as well as the international agricultural research centers. American credibility will depend, of course, on our own progress towards achieving agricultural sustainability. Despite good beginnings, that will take time.

Question Three

Can the United States Government -- and AID in particular -- make a significant contribution to the hastening of the transition to agricultural sustainability in the developing countries?

The short answer to this question is a "yes, if...": yes if AID gets the resources from Congress to act and if AID develops the will to act more aggressively, particularly in working towards the broader end which I have just described. The Agency needs to radiate a sense of urgency to all its field missions, to other donors, and most of all to the farmers and the governments of the developing countries. To date AID has not displayed that sense of urgency, particularly for action on the broader front. Quite frankly, however, I don't think that AID is alone in this. Much of the executive branch, many in the Congress, and indeed most of that part of the American establishment which is the motor for crucial change have as yet to develop enough of a sense of urgency about world agricultural and natural resource problems and about sustainability in all its manifestations.

But I am convinced that AID will develop this sense of urgency if Congress provides that Agency with the mission and the resources. Why is this so? First of all, I know from my frequent contacts with AID officials at all levels that the necessity and the possibility of achieving a new level of sustainability in agricultural development is seen as an idea whose time has come. AID's best people see the political necessity of demonstrating that resources spent on agricultural projects (and all others, too) will be spent only for projects that have a chance to make a lasting contribution to the lives of farmers and other productive people. There is disparate but nevertheless growing attachment to this concept, and the strong spark of lasting Congressional concern and support will make the big difference in moving AID's agricultural programs from the level of important but still too limited usefulness to becoming the advance wave of a second green revolution of worldwide scope and significance.

Once a critical mass is created and ignited, I am convinced that our American impact can become the crucial factor in hastening the return to agricultural and energy sustainability, in fact true sustainable development of every sort. AID is a very American organization. Its strengths are the enthusiasm and a strong sense of mission and optimism typical of our people. AID is full of dedicated and talented people who deserve full support.

I have no reason, furthermore, to doubt that the thirst of the world for and confidence in American scientific and technological leadership remains strong, despite blips on the screen caused by such events as the Challenger explosion. Other donors continue to look to AID to develop models and demonstrate new ways. Many look to us to lead the world in new directions -- witness the Marshall Plan and the first green revolution.

There is also a more technical answer of why AID is ready for a takeoff towards becoming one of the important shepherds of sustainability: AID has, "in house", or has at its disposal from our great universities and the study policy institutes, the human capacity to roll ahead at a much faster clip. Bringing about agricultural sustainability is a people-intensive, more than a capital-intensive, enterprise. At least in the first stages, training, education, and information handling are central, and we are good at that. And what does not now exist in terms of human resources can most certainly be developed within the decade to come.

AID, too, has the belief in and the experience of working with competent private voluntary organizations, both from this country and from developing countries. Such organizations will increasingly become one of the crucial transmission belts between technology development and farmer action.

Question Four

One big question remains: How important is a strong AID agricultural program to U.S. political, security, and economic interests? How high should agricultural assistance programs be on the U.S. agenda?

In our view, promoting environmentally sound and more productive agricultural and natural resource programs should enjoy the very highest priority among AID's programs, a priority equivalent to that which must be given to the population program. The reasons for according this high priority begin with our humanitarian tradition. Americans in every generation have been concerned about combatting famine and death on a global basis. But they have also been rightly determined to do everything they can to ensure that no one in this world is faced by the prospect of famine, through helping countries develop the capacity to cope with their own problems.

Beyond our humanitarian concerns, there are tough reasons of national interest for supporting agricultural and natural resource development in developing countries, arguments to which you in Congress have often pointed. We have seen examples of what happens when the economies of substantially agricultural countries fall apart. The results are too often political discontent, serious economic deterioration and very soon declining imports from the United States.

Even more dramatic and deadly is the environmental emigration problem. This is a growing global phenomenon, but already we in the United States are reaping its bitter fruits. Take the case of Haiti: deforestation and soil erosion have reached the crisis stage and too many Haitian farmers can no longer extract a living from their lands. Per capita agricultural production, already low, has been cut in half since 1950. As a result, we've seen a wave of Haitian refugees fleeing to Florida, often in incredibly unseaworthy boats, the latter being a token of their desperation. Much the same can be said of the wave of illegal immigrants coming across our southern border from Mexico and Central America. Some of these people are true political refugees but many are just plain farmers pushed off their land by the deterioration of the soil on their farms.

The other side of the coin - the brighter side - is what can happen when agricultural development in developing countries is solid and sustainable. In each case where this has been even in part achieved, external assistance and usually U.S. assistance has played a major part in this takeoff. The first green revolution is a good example, even though many nations and many institutions took part in that effort.

The impact of true agricultural development on the whole economy is magical. This has brought us to recognize that agricultural growth is the engine of across-the-board development. We've come to recognize, too, that as countries develop and as income levels rise, imports from the United States soar. Today the developing countries in the aggregate have become, after our neighbor, Canada, the United States' best trading partner.

Further, American assistance to third world agricultural development has a direct and positive impact on the American farmer. Recent trade statistics show that the American farmer is the direct beneficiary through substantially increased imports of American agricultural products in every country where agricultural assistance has been successful.

When looking to the future, American agriculture has still another stake in agricultural cooperation with the developing countries. As your Committee is well aware, the developing countries of the tropics are the locus of much of the genetic material which our agriculture needs for research to sustain American farm productivity and to achieve resistance to disease and pests, so badly needed if the United States is to meet existing and future competition. And as we collaborate more closely with the international agricultural research centers and the best research institutions in the developing countries, a reverse flow of technology useful to American agriculture is beginning to move in our direction.

In sum, we believe, Mr. Chairman, that the lessons from all this are clear:

- That the developing countries are faced with threats to their continued agricultural productivity of an order of magnitude that threatens not only the lives and welfare of millions of poor people but could also have in no short time the most profound and unhappy impact on our own prosperity and security.

- That, however, if the international community acts decisively to address these problems, potential disaster can be averted or at least substantially diminished through a combination of developing new technologies of agricultural production and natural resource protection and developing better ways to deliver them to farmers.

- That AID's agricultural, rural development, and natural resource programs are our best American vehicle to contribute to this end, both in terms of the United States' direct contribution to the accomplishment of these tasks and in terms of its ability to persuade donors from other developed countries, the international agricultural research centers, and the international financial institutions to shoulder their share of the task ahead.

What then do the twenty-seven organizations that make up our coalition hope to see Congress do with regard to AID and its agricultural, rural development, and natural resources budget?

First and foremost, we ask that the Congress recognize and underline the urgent role that AID must play in bringing about a second green revolution. We urge you to call on AID to give the achievement of agricultural sustainability in the developing countries its highest priority.

Secondly, we ask that Congress increase the funding of AID's Title II bilateral development assistance in its agricultural, rural development and nutrition account by $150 million in FY

'90. $100 million of this money should be spent for the expansion of AID's agricultural and rural development programs and $50 million for the expansion of natural resource programs directly related to agriculture. This amount would not include spending for such programs in Africa. We recognize Congress' and AID's aversion to further earmarking and would hope that this purpose could be accomplished in some other way.

Mr. Chairman, we do not consider the $461,062,000 (plus the funds for agriculture in Africa of about $100 million) that AID has requested for these programs to be in any sense adequate to the enormous task before us. We recognize that an additional $150 million is a lot of money, but it is very little when viewed against the task ahead of us and as compared with huge military expenditures now being made.

Thirdly, Mr. Chairman, we request that AID be authorized and urged to commit itself to agricultural, rural development, and natural resource programs and projects for a period of no less than ten and up to 15 years. Agriculture projects, particularly those requiring work with the natural resource base, are complicated and often require many years to bring to fruition. Only a sense of longer term U.S. commitment serves to spur on hard working farmers and researchers.

Fourthly, we request that whatever the vehicle, the Congress incorporate into legislation at the first opportunity the excellent language on agricultural sustainability contained in the Africa section of the Foreign Assistance Act Reauthorization passed by the House of Representatives at the last session of Congress is now pending before the Senate. This exceptionally good language condenses in a very articulate fashion most of the points that I have made today.

Mr. Chairman, I am convinced that you will find that there is a strong constituency and a growing constituency for the kinds of efforts that I have just advocated. The wide and growing spectrum of organizations represented on our Committee is a token of that active interest. And beyond our Committee and our organizations, there is a bigger group of supporters: farmers, church members, the universities, and the scientific community all of which are demonstrating growing interest and concern for the world's farmers and for the hungry of this globe. We Americans are caring and concerned people. The time for urgent action has come. As I said before, we must not leave this world a poorer and more dangerous place for our children and grandchildren.

Thank you for the privilege of appearing before your Committee.

Committee on Agricultural Sustainability
for Developing Countries

THE TRANSITION TO SUSTAINABLE AGRICULTURE: AN AGENDA FOR AID

This paper represents an initial effort by a committee from within the environmental, development and private voluntary organization communities to define in practical, non-technical terms what we mean by sustainable agriculture. In that context we have set out what we believe and hope AID should do to help the farmers and, secondarily, the scientists, private organizations, and governments of developing countries make the very necessary transition to agricultural sustainability in a timely fashion.

Objectives

Our objectives are to urge AID to consider the following:

1. Institutionalize sustainability as the norm for all its agricultural programs and policies both at the farm and national level.
2. Focus more of its agricultural and rural development program on helping developing countries and their farmers make the transition to sustainable agricultural systems.
3. Discourage the use of non-sustainable agricultural methods and inputs.
4. Progressively assume ever greater leadership in encouraging governments of developing countries, development agencies, and global, regional, and national research organizations to commit significant resources for helping farmers, particularly poor farmers, make the transition to sustainable agriculture.

Our Internal Goals

1. Carry out with AID a continuing, mutually beneficial and increasingly well-informed exchange of views about agricultural sustainability in general and AID's agricultural program and projects in particular.
2. Develop a better capacity to evaluate "in-place" projects focussing on sustainable agriculture, and in particular AID's projects.
3. Utilize our ability to mobilize effective support with Congress for AID's efforts to assist developing countries and their farmers to make the transition to sustainable agriculture.

Sustainable Agricultural Systems Defined

Sustainable agriculture -- it might be better called sustainable farming -- is but one, if perhaps the most important, building block for overall sustainable development, a subject which we don't fully address.

We think of sustainability in agriculture as a dynamic concept, as the ability of an agricultural system to meet evolving human needs without destroying and if possible, improving the natural resource base on which it depends.

We regard sustainability principally as a means of measuring the health of farms and farming systems over a long period. We must be able to apply the test of sustainability to all agricultural systems from the largest, most intensively cultivated systems on good lands to small farms on marginal lands. We believe that the tests of sustainability should be applied not only to how a farmer grows his crops, but also to his use of animals, trees and forests, water and soil resources. We recognize that for farming to be sustainable, many off-farm conditions must be met -- economic, sociological, ecological, political, and institutional.

But the critical place to start, in our view, is with the farm and the farmer. From a working viewpoint, we regard sustainable farming systems as follows:

1. Systems that maintain and improve soil productivity, quality, and tilth.

2. Systems that augment the potential for achieving the highest possible efficiency in the use and conservation of basic farm resources (soil, water, sunlight, energy, and farmers' time).

3. Systems that incorporate as much biological interaction as possible: for example, mulching, the use of nitrogen fixing plants, the use of agroforestry techniques, and the use of intercropping and crop rotations to control pests and weeds.

4. Systems that minimize the use of health endangering and environmentally damaging external inputs (some chemical fertilizers; non-selective pesticides and herbicides; and some forms of energy) and, instead, maximize the use of available, affordable, renewable, and environmentally benign inputs.

5. Systems that avoid the contamination of groundwater by using only those fertilizers, pesticides and herbicides that do not penetrate below the plants' growing zone and then only in controlled doses.

We recognize that some use of external inputs may be necessary. But we are worried about the development of unsustainable dependence on these inputs -- unsustainable because of the likelihood of rising costs and eventual unavailability of petroleum and petroleum-based products, unsustainable because of environmental impacts (contamination of water tables, development of weed and pest resistance, etc.). That is why we urge maximizing the use of available, affordable, renewable and environmentally benign inputs and why we support giving the highest research and development priority to the progressive attainment of the goal of minimizing off-farm inputs.

Other facets of agricultural sustainability are:

6. Systems that meet the needs of farm families for energy to work their land, cook, and heat from readily available and affordable energy sources.

7. Systems that meet the needs of farm families for cash income, including from off-farm sources.

8. Systems that, even as society evolves and communities change, will strengthen communal cooperation, will protect rural survival systems, will through community support and sharing allow farm families to keep going in difficult times (famine, drought, and natural or political disasters), and will make possible effective local management of community-controlled common property resources (ponds, woodlots, grazing lands, irrigation systems) in ways that permit equitable sharing in benefits.

We do not mean in any way to neglect -- or to exclude from our definition of sustainability -- other important national and international parameters. We recognize that off-farm and out-of-village aspects are crucial, in the long run and often even in the short run, to farming sustainability. Additional elements integral to sustainability are the

9. Willingness of research organizations, economic development agencies and banks, and developing country governments and institutions to accept the need for continuing evolution of the concepts and practices of sustainability and to provide long term commitment to their achievement.

10. Growing need for changes in the attitudes and practices of governments in some developing countries so as not to discourage but, rather, to provide encouragement and incentives for the adoption of sustainable agricultural systems. Discriminatory tax policies, land holding policies and practices, food pricing policies, and transport policies -- in fact many aspects of government policy that put farmers, particularly poor farmers, at a disadvantage, then must be reconsidered, and farmers and the farm sector must receive their fair share of natural wealth and attention.

11. Access to infrastructure and feeder roads, to credit available to poor as well as more prosperous farmers on a fair, nondiscriminatory basis, and equitable access to necessary inputs such as irrigation water.

12. Fair access to at least a minimum of social infrastructure -- schools, facilities for health care, family planning, and nutritional advice.

13. National and international access to markets where the farmer can sell his produce at a price which will cover his costs and give a fair return.

We believe that these tests of sustainability must be developed and applied to all kinds of farming systems: the intensive monocropping systems upon which much of the world's food supply for urban areas depends and which most often depends on heavy chemical inputs; animal husbandry; aquaculture and fishing; forestry and agroforestry; as well as the vast numbers of "mixed" systems used by a billion small farmers. However, we believe that the achievement of global sustainability and therefore the protection of the natural resource base requires above all improvement in the lives of the poor majority, the group that paradoxically tends to be neglected in agricultural development. It is also the group that tends, often unwittingly through poverty, to do the most damage to the natural systems on which its prosperity and even survival depends. This consideration - plus AID's clear mandate to assist the poor - is why we concentrate so much of our attention on the small farmer.

In the final analysis though, the small farmer in Africa, Asia, and Latin America responds very much like all other farmers. Unless there is a significantly greater return for a farmer's investment of time and whatever limited capital he may have invested, he/she will have no incentive to adopt ecologically sounder practices. It is because of this that we emphasize the close connection between improving all aspects of the well being of the poor majority (economic, social and nutritional) and agricultural sustainability.

That is why also, we seek to avoid overemphasis on macro elements, as important as they are, because they have tended to receive the lion's share of attention by donor governments and the international financial institutions to the detriment of attention to programs which could help the individual farmer and particularly the small farmer. Discussions of agricultural development have too often tended to get lost in considerations of debt payment, international financial movements and short-term political and economic considerations.

The Role of AID in Achieving Sustainability

How then in our view should AID proceed to evaluate its agricultural and rural development programs?

For us, taking the longer term approach, epitomized by the concept of sustainability, must characterize all of AID's efforts to help farmers in developing countries. We believe strongly that in a world of rapidly growing population pressure and rapidly increasing deterioration of natural resources, sustainability is the imperative. Central to our thinking is the proposition that AID should do much more to make agricultural sustainability the organizing focus of these efforts. Given the vital importance of agricultural sustainability, projects where the achievement of sustainability is very specifically the objective should enjoy a high priority within AID, and even precedence over other aspects of agricultural development. We are convinced that in the light of budget cuts, present and prospective, agricultural programs that specifically aim at sustainability can best meet AID's mandates--in particular poverty alleviation. Moreover, we urge that all aspects of AID's agricultural portfolio be reconsidered to ensure that everything aims at and contributes to sustainability and that nothing is done which detracts from that objective.

In working to achieve sustainability, we urge AID to concentrate most of its attention on what it does better than other things (human development, broadly construed) and on what most needs to be done (offering to the poor majority of Third World farmers techniques which make sustainability possible under present conditions and limitations). With few exceptions, other important and more expensive agricultural development programs should be left to the World Bank, the regional banks, and other bilateral and multilateral givers of economic assistance.

To a growing extent, AID should promote one aspect of agricultural sustainability largely overlooked by other development agencies: the fate of the poorer farmers on the more fragile lands who too often unwittingly contribute to the destruction of the very natural resource base on which their own families (and, ultimately, people in their own country and beyond) must depend for food. Heretofore, ecologically sustainable methods of slash-and-burn with long rotations were available to farmers cultivating poorer lands on every continent, although it must be admitted that their standard of living was both economically and nutritionally poor. Today, however, the growing number of farm families and the lack of land for long rotation makes even this relatively sustainable method difficult and even impossible.

Fortunately, a transition for AID towards sustainability as a central focus should be relatively easy, for in our view AID is already embarked on the right ship. To its credit, it has already thought more and done more about agricultural sustainability than most development institutions. In some projects it has dealt creatively with sustainability and the maintenance and enhancement of the natural resource base, and we commend these projects. Many of AID's agricultural and natural resource management specialists and policy makers accept, and even more, strongly advocate giving sustainability a central place in its agricultural programs and research. A growing number have practical experience in its application. And AID's present portfolio of agricultural, rural development, and natural resource projects provides a good base for expansion in the right direction.

AID's most recent high-level formulation of agricultural policy, "Focus for Agency Agricultural Programs" dated May 1, 1987, reflects, in our view, important policy elements that favor sustainability: "maintaining and enhancing the natural resource base", a mandate that surely encompasses all or most aspects of sustainable agricultural systems as we see them; and a concentration on the "poor majority" of Third World farmers.

However, we believe that this Focus Statement should be expanded to more fully embrace the concept of sustainability. First, there is no recognition of the centrality of agricultural sustainability per se. Also the goal "to increase the incomes of the poor majority and to expand the availability and consumption of food" (presumably for all Third World people, not just farm families), while important to include, is not comprehensive enough. We recognize that poor farmers without income are too often just on the fringe of some market economy and, therefore, at a disadvantage in acquiring the things they need for a better life, let alone new technology that could help them achieve sustainability. However, in our view even more important than cash income for many poor farmers is food security or even survival. This concept is possibly included in AID's definition under "food availability". But the statement should be expanded in our view specifically to recognize the importance of food security. For poor farmers, the imperative must be to feed their families in good times and bad. However, a second imperative, both for them and for us, must be to do so in a way that does not degrade the lands they farm.

In our view, the focus statement has another shortcoming. It does not seem to reflect the importance of increasing farm productivity (not production), productivity which can and must be increased within sound environmental bounds if poor farmers are ever to achieve a better life. We believe that sustainability must encompass this concept of both increased productivity and increased economic return for poor farmers. Even the poorest have a desire to improve their situation and not remain just marginal farmers.

Despite increasingly favorable attitudes and some good projects, we fear that AID's commitment to agricultural sustainability is still fragile and still lacks the institutionalization which will ensure its survival and bureaucratic prosperity. AID's work on sustainability is still spotty. It is not yet conceptualized as it relates to every aspect of agriculture. It is not reflected often enough and in enough detail in its policy formulations, in its presentations to

Congress, and in the Action Plans and Country Development Strategy Statements of its field missions. It is not yet well enough integrated with AID's broader-based efforts to improve natural resource management and not well enough linked to programs in forestry and watershed protection. Furthermore, it is not yet well enough networked to the point that the lessons AID and others have learned about agricultural sustainability become part of the Agency's institutional memory and are easily available to people in and out of AID with a need to have this information.

A practical weakness that AID shares with other development agencies and the global academic community is the difficulty of designing and then implementing true cross-sectoral projects in sustainable agriculture. The reductionist trend in the academic world has left its mark on most of the professions represented in AID. It's still difficult, for example, to get crop-oriented agronomists to work closely with foresters. Agriculture and natural resources management are too often perceived as being separate sectors reflecting the division between agriculture and natural resources in AID's Bureau of Science and Technology. While AID had made progress in overcoming inter-professional distrust and lack of understanding, it still has a way to go. Strong interdisciplinary leadership is still badly needed.

We believe that AID's first need is to gather and analyze its positive, if rather disparate, experience and then determine how best it can adapt this experience to the many agricultural environments in which it is working. Many successes achieved by individual AID projects are not known beyond a narrow circle in the country where they have evolved. The United States knows enough about agricultural sustainability to make major contributions now and should be working more systematically towards the point that its work on sustainability is having a broader impact. Unfortunately, as far as we can determine, AID has yet in any country to carry out enough agricultural projects where sustainability is a major focus to have more than very local impact, let alone regional, national, or international impact.

GUIDING PRINCIPLES FOR AGRICULTURAL SUSTAINABILITY PROJECTS

We suggest six general principles to guide AID's work in agricultural sustainability. None of them is new to AID, but all need reinforcement.

1. Concentrate major effort on developing the human and material resources necessary to put sustainable agriculture systems within the grasp and understanding of farmers and, in particular, the poor farmers. This means, in part, more AID attention to participatory and "bottom up" work with farmers.

2. Defend the existing natural biological diversity of agricultural areas in all AID's agricultural and rural development activities. For us this means, inter alia, AID's minimizing the promotion of large-scale monoculture to greater utilization of polycultural methods. This is particularly appropriate for small farmers and an area in which AID should have a comparative advantage. While the institutionalization of polyculture on a farm-by-farm basis is not realistic, nevertheless for both ecological and nutritional reasons, greater introduction of a broader crop base holds real potential. This means, among other things, more attention to agroforestry.

3. Enlist more American private voluntary organizations (PVOs) in the effort to help poor farmers adopt technologies of agricultural sustainability AID should also be more imaginative and determined in its effort to recruit or develop indigenous PVOs for this task.

4. Maintain a high level of support for research that emphasizes sustainable agricultural techniques, particularly but not exclusively as it effects farmers on fragile lands. We of course recognize that research on achieving sustainability on good lands, particularly those touched by the "Green Revolution", continues to be of great importance, but we believe that much greater priority must be given to low external input agriculture and to the problems of farmers at the poorer end of the agriculture spectrum.

5. Assume a greater leadership role in promoting sustainable agricultural systems: with Congress; with those in the American agricultural, scientific, and academic communities concerned with Third World agricultural development; with other development agencies, specially the World Bank with which AID should develop joint or parallel programs; and with Third World governments and appropriate private institutions in the developing countries.

6. Make a long-term public commitment to programs and projects in support of agricultural sustainability, a commitment which Congress must be encouraged to support. This is specially important in this day of changing AID priorities and funding levels. One of AID's principal weaknesses in rural development has been its failure to spend the necessary time and resources to bring projects to fruition and then to see to the wider adaptation of the lessons learned. It often takes years and some false starts before cultural, political, economic, and agricultural structures are understood and impediments to success are mastered. An agricultural project--in fact, any development project--cannot be said to be "sustainable" in our view until there is a high probability of an ongoing flow of benefits to farmers once AID stops its assistance. This means in practice that trained and competent local people are in place who can carry out the functions (including support and encouragement) that outsiders formerly filled and that an institutionalized provision of necessary resources, such as money, technical assistance, and encouragement continues to be available.

Human development is so central in our view to AID's mission and capacities that a few more basic thoughts on this subject seem warranted at this point. First, there can be no doubt that the human problems of getting sustainable agricultural systems adopted by farmers and accepted by governments is an even harder task to accomplish than finding technical solutions. Typically, AID experts and others well-grounded in sustainable agriculture tend to be relatively clear about the technical and economic aspects of this problem, but less clear about how to go about solving some of the human problems. They quite correctly point out how "site-specific" each project must be in human as well as in ecological terms.

Second, we know of very few occasions when poor farmers have accepted the new disciplines and additional complexity of proposed "change" if they involved larger and much greater risk unless and until they were up against a wall--from drastic and consistent reduction of productivity, from getting sick (or their families getting sick) from farm chemicals, or, in the case of a very small number of richer and better educated farmers, from being convinced that only thus could they help stave off financial ruin. Even then, change must be related to a farmer's own objectives and perspectives, and must be incremental.

Third, and closely related, the economics of sustainability are as important to the subsistence farmer as to the more favored farmer. Farmers' willingness to adopt sustainable practices depends more on whether they are profitable than whether they are environmentally sound. The interrelationship between profitability and sustainability is not always apparent to the poorer farmer, but this must be at least the initial focus of how sustainability is presented.

Fourth, perhaps the hardest of all in human terms is finding ways to present or help present the methods of sustainability to farmers ("extension")[1]. Methods acceptable both to the farmers themselves and to central government authorities have proved very difficult to devise. Central government controlled and financed extension systems on the US/European models have very often proved too expensive in terms of recurrent costs, and quite often unacceptable in countries where farmers resist close contact with agents of the central government. Nor have these systems been particularly efficient. At the root of these problems is the global rural/urban split, sometimes complicated by ethnic or religious factors. The answer to this problem, as with many others, seems to lie in Third World governments encouraging a greater degree of decentralization and rural empowerment.

One fundamental aspect of human development policy to which we attach particular importance needs to be repeatedly underlined: AID's agricultural program must, in our view, have an even stronger grounding in the collaborative and participatory approach. AID's basic task should be to orient and then to train developing country people at all levels in the potentials, problems, and procedures of sustainable agriculture. AID seems well launched into collaborative work at the governmental and technical levels in developing countries. However, despite good rhetoric, not enough has been done in our view to ensure "dirt farmer" input into program adaptation. More than the awareness and sensitivity of the cultural anthropologist is needed. Also, the techniques of soliciting the farmers' own perceptions of their capacities and enlisting their "ownership" of whatever is new needs much more attention. The farm family and then the village and its chosen organizations must be the most important objects of AID's attention. Respect for farmers' understanding of their own environment and of rural values generally, including very specifically the crucial role of women, is essential.

Projects aimed at sustainability, while necessarily complex and multi-faceted in design and while ideally bringing to bear inputs from several scientific disciplines, must fit the farmers' available time, must build from existing farm practices, should support existing survival strategies, and must be simple enough to be credible and understandable. Building simplicity out of complexity is admittedly a very difficult task, but the American willingness -- often eagerness -- to accept change and experimentation gives AID a comparative advantage.

All projects should be low cost, from the farmers' perspective, and be based on adapting proven means to achieve sustainability to local environments. They should build from existing farm practices and should use only easily available, affordable, and environmentally safe inputs.

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[1] The term "extension" is used for shorthand purposes though it too often has for Third World farmers a strong connotation of American and European cultural bias or of unwanted government presence.

In designing and carrying out agricultural projects, AID must ensure that benefits are equitably distributed. This is a vital element in sustainability. It must also ensure, as some donors have not, that existing common property rights (communal woods, ponds, irrigation systems, grazing areas) are respected and that the costs of adopting new techniques do not unfairly fall on any particular group.

We recognize that inevitably there are complex interrelationships between and among all facets of rural development. However, we urge, on the basis of AID's experience with the too broadly conceived "integrated rural development projects" of the '70s, that at least at first, projects focussed on achieving sustainability should not include too many components. We believe that AID, in any given village where it is involved in agricultural projects, should normally introduce additional components only incrementally and as farmers and their families grow into the system. There will be exceptions, particularly with PVO-run projects. However, it should be the very rare case where for example, schools or health institutions should be installed if they must depend on substantial outside support and patronage.

WHAT AID SHOULD NOT DO IN RURAL DEVELOPMENT

AID's work in helping farmers in developing countries make the transition to sustainability in agriculture is so important that it should largely leave to other development agencies most other approaches to agricultural development, particularly those involving the construction of "public works": engineering rehabilitation of major irrigation systems; major rural highway construction; agricultural storage, if this involves major construction; and the construction of buildings for government research and government services. The World Bank, with which of course AID should be collaborating on the aspects of agricultural development*, is usually willing to finance "bricks and mortar" projects and, in fact, usually does this better than AID.

In sum, we repeat our view that AID should focus its agricultural programs and projects on introducing sustainable farming techniques (we emphasize teaching "techniques" rather than "systems" because of the complexity and adaptability for small farmers of farm systems as the term is usually used). It should concentrate, we believe, on what it does best; on what most urgently needs to be done; on what other development agencies cannot do as well; and on what it can find the resources to do. On all counts, helping teach people at many levels to adapt sustainable technologies to the many ecological and economic situations in which AID works fills the bill.

What AID Should Do in Rural Development

There are many technical problems to be solved to help farmers meet their objectives and at the same time to meet the rigors of sustainability. This will require making available and testing a whole series of area-specific techniques -- a daunting task.

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*We advocate AID's also working in concert with other development agencies, a subject which is discussed on p. 21.

The following pages include a list project elements that we believe will advance agricultural sustainability. It is meant to be suggestive rather than all-inclusive. Some project elements could and do appear under more than one heading.

A note on AID's ways of organizing the techniques which we will discuss: we believe that AID should encourage and at the extreme, even require field missions to incorporate some sustainability techniques in all agricultural programs and projects. However, a special effort should also be made to have a maximum of centrally-funded agricultural projects center on sustainability. For many reasons, AID-Washington has over the years been a more determined guardian of long term interests, including - often specifically - sustainability. In contrast, too often field Missions have been motivated by short term host country needs (and at times field personnel needs) for quick results at the expense of longer range interests. Well conceived centrally-funded programs can provide models in institutional sustainability.

A note on terminology: we use the term "project elements" to emphasize the need, for example, not to have soil projects as such but rather to include elements dealing with various aspects of soil conservation or productivity in every agricultural project.

SOIL: Techniques Which Conserve and Improve Soils

We believe that major attention should be given in all AID's agricultural programs to basic, well-understood soil and water management techniques and principles as an integral part of all that AID does.

Soil conservation is an area of special American expertise. AID has been relatively strong in soil research and mapping. It has been weaker in soils management and soil conservation, despite some notable successes in these regards.

In our view, not enough has been done to introduce simple, cheap soil conservation techniques into AID agricultural projects, with the exception of a few good PVO-sponsored projects. This should include:

- Protection against water erosion: planting ground cover; tree planting along terraces; bench terracing; bunds on steep areas; check dams; infiltration ditches; terrace construction, when cost-efficient or when built as the result of village decision; gully plugs; low dams; diguettes; stone and trash lines; minimum till; and alley cropping.
- Protection against wind erosion: dune stabilization by palisade construction and tree planting; planting trees for windbreaks; and planting of ground cover.
- Restoration and maintenance of soil fertility: use of mulching; crop residues; animal and "green manure"; dispersed farm tree planting and other agroforestry practices; methods to increase organic content of soil, particularly in arid and semi-arid zones; and the use, where appropriate and possible, of cheap, locally provided, efficient mineral fertilizers, particularly sources of phosphorus.
- Restoration of abandoned lands, as difficult as this may be.

Almost all soil preservation and restoration projects involve substantial investment of money and time. Some are relatively cheap (trash lines) and some expensive (terracing). Outside financing is very often necessary. However, such projects should not be undertaken unless farmers are genuinely convinced that such projects are in their vital interest, make a strong case for them, and are willing to invest their own time and even some funds in their construction and maintenance.

CROPPING TECHNIQUES: Project elements that adapt to local use crops and cropping systems (a) to increase productivity or crop security, particularly in difficult environments (low rainfall, poor soils, etc.); (b) to augment soil fertility; (c) to reduce the need for outside inputs for pest and weed control; and (d) to improve the quality of rural life (better nutrition, sources of cash income to purchase essential external inputs, basic goods not produced on the farm, and amenities).

- Crops that provide improved productivity. Even small increases of productivity under present conditions are very important for poor farm families.
- Crops that reduce the need for fertilizers whose use leads to nitrate pollution or the destruction of soil structure or quality; nitrogen fixing systems; alley cropping; use of nitrogenous trees; leguminous cover crops, etc.
- Techniques that provide for better crop spacing, better timing of planting, intercropping, crop rotation, and use of biological interacting plants for weed control.
- Low till techniques.
- Improved crops which have been adapted to acid, saline, or other problem soils, which increase the ability to resist drought and stress, and which increase pest resistance, thus reducing the need for using pesticides which destroy pest predators or pose health risks.
- Relay cropping, polycultures, and crop rotation.
- "Minor" crops, both annuals and perennials, that provide better farm diet or that can be processed to provide cash income, including honey, gums, tanning, edible seeds, fruits, leaves, bark, and fibers.
- Agroforestry combinations, including forest and home gardens, particularly for moist tropical forest situations, where on-farm production can also provide wood, forage, fruits, medicines, and other products,

project elements which will make it unnecessary to resort to primary forest destruction.

- Incorporation of animals including small ruminants and fish (aquaculture) into farming systems to provide power, transport, organic fertilizer, and new sources of food.
- Incorporation of tree or other plants or animals which can be processed on the farm for cash income at periods of cash shortage.

WATER MANAGEMENT: Low cost techniques which provide for better supply and conservation of water and improved and locally controlled water management at the village level.

- Small scale irrigation systems, systems which prevent salinization, waterlogging, and, where possible, water borne diseases.
- Watershed management and runoff control on or above village lands.
- Deepening of wells and low-cost pumping.
- Dry land techniques for water conservation: field grid systems, water spreading, water channelling, and water harvesting (infiltration) systems.
- Water storage and conservation methods.

ENERGY: Project components and techniques which meet needs for energy at the farm or village level (preferably from renewable energy sources) for reducing the burden of heavy farm work, for heating, for transport, and for cooking.

- Introduction of draft animals (absence of good or cheap animal fodder is often the chief constraint).
- Home and village tree planting for fuelwood.
- Biogas digesters (which also supply nutrient rich slurry), bicycle power, etc.
- More efficient use of biomass fuels through better stoves, improved techniques for the production of charcoal, etc.
- Solar energy for crop drying and preservation. We note growing global concern about the contribution of the usc of wood, biogas and fossil fuels to the problem of global warming. We urge early research on how to avoid rural families' contributing to global warming. But for the immediate future, most people in the developing world have little choice but to use fossil fuels.

WETLANDS, COASTAL SYSTEMS, FORESTS, AND GRASSLANDS: techniques that provide for sustainable use and protection of village-exploited forests, aquatic systems, and grasslands, as well as more distant forests, aquatic systems, and grasslands which impact the sustainability of farms.

- Improved management of natural forests and equitable distribution of their benefits.
- Improved management of wetlands and coastal systems.
- Development of local fisheries, particularly as a supplemental source of farm income and better nutrition.
- Rangeland rehabilitation (AID should also continue some practical experimentation to find more sustainable range management systems despite failures to date).

RURAL INFRASTRUCTURE: techniques which make possible more efficient and equitable village-level support of agricultural production, storage, and commercialization.

- Farm or village level crop storage.
- More efficient and locally controlled marketing systems.
- Local solutions to meet the need for more cash at the time of purchase of seeds and other inputs, in part through the establishment of local micro-enterprises to process agricultural products.
- Locally controlled and equitable credit systems: too many top-down farm credit systems have proven to be unsustainable because of high cost, difficulty of financial control and repayment, and the unwelcomed intervention of governments into farmers' lives.
- Locally controlled means of purchasing and reselling needed farm inputs.

RESEARCH

- AID should restore its previous level of financial support to the CGIAR research institutions and a limited number of other research institutions like ICRAF, the International Fertilizer Development Center, The International Irrigation Management Institute and CATIE. While some of these organizations have made a start in addressing sustainability, AID should continue to use its intellectual influence and financial leverage to persuade them to concentrate more of their time and attention specifically on sustainable agricultural systems and on helping farmers to increase their productivity and food security in a sustainable way. These research institutions should continue to be encouraged to find better ways to get meaningful inputs from dirt farmers themselves, from the outset of research planning to the adaptation of this research to various ecological situations in which farmers must be involved. These research institutions should continue to concentrate their genetic research on developing plants which can resist climatic and soil stresses, as well as better combat pests and weeds while minimizing the use of external and chemical inputs. They should in particular be encouraged to be more imaginative and creative in finding ways to deliver the fruits of their research to farmers when Third World government research and extension services are weak or unpopular with farmers.

- We recognize that these research institutions have an important role in helping to intensify production on the better lands, both to produce food for ballooning populations and to take the pressure off marginal lands. Certainly, too, the focus of such efforts must be on longer range sustainability, particularly as regards minimizing external petroleum-based inputs against the day when these inputs may not be available. However, we believe that in the system as a whole, much greater attention must be paid to the problems of sustainability for the poorer farmers on marginal lands.

- We believe, in sum, that all the research carried on by these centers should be judged in good part on the basis of their contribution to sustainability. Any research which does not contribute to the achievement of that objective should have no place on the research agenda of those organizations. And as sustainability is a very dynamic process, assessment of research for its contribution to sustainability should never stop and should be built into planning and review mechanisms.

- We urge continuing attention to collaborative social science research related to the establishment of sustainable agricultural systems. Two important subjects that come to mind are (1) how to measure success in achieving sustainability (both human and agronomic indicators), and (2) the attitudes of various governments to decentralization and empowerment of rural citizens, information which is vital to planning successful programs in sustainable agriculture.

- We agree with AID's policy of helping to build up national or, in some cases, regional research capacity. AID has already decided it cannot help build research centers in every country, but rather that it should concentrate on helping countries with the most promise and potential for efficient regional outreach. AID should encourage national and regional research institutions to insure that more attention is directed towards helping the poorer farmer to achieve sustainability.

- So far, US academic commitment to agricultural sustainability is thin, and AID should encourage the U.S. academic community to move faster towards approaching Third World agriculture. From the viewpoint of sustainability, we consider BIFAD to be an important vehicle. It should require that collaborative research between U.S. academic institutions and Third World scientists include agricultural sustainability as a major focus of their work.

- AID should continue and even accelerate its efforts to encourage, train and utilize individual Third World and American academic experts on both the biological and social scientific aspects of agricultural sustainability in the developing world. While individual experts in most of the disciplines involved in designing and implementing sustainable agriculture systems are available, there are fewer American academic experts on country-specific agricultural problems. AID should help create and then use a few centers of excellence where all country-specific aspects of development, including in particular agricultural sustainability, will be studied.

- Closely related are efforts, in which AID has played a pioneering role, to support networking, data gathering, and retraining of scientists, all related to sustainability. AID should also continue to support the growing and laudable trend towards scientific exchange and cooperation among developing countries, which cooperation is already quite effective among some countries in Asia and Latin America. AID should continue to find ways to support individual scientists in developing countries who have shown real understanding of the problems of sustainability.

We would not presume to be very specific about the agenda which research institutions should follow regarding sustainability. This agenda must vary widely from institution to institution. However, there are common characteristics that we believe research projects should share: solid initial grounding in "bottom-up" farm systems analysis; an even further broadening of the interdisciplinary approach that they already follow; and continuing participation in refocusing and adaptation by farmers themselves.

A few research topics which we believe should continue to receive special attention are:

- Designing cheap and, if possible, simple ways to recognize and then measure the various facets of agricultural sustainability. These testing techniques should aim at promoting - not stopping - agricultural development and they should aim both at measuring prospective sustainability at the planning stage and at the implementation stage of projects. But means of testing should not be so complex or expensive that good programs can't move forward.

- Designing "no-till" systems which minimize dependence on chemical herbicides.

- Further research and dissemination of successful tropical agroforestry models, and finding and developing the needed fast growing woody perennials adapted to the various ecological situations.

- Finding low-cost and widely available ways to provide basic soil nutrients, particularly phosphorous, to poor farmers in order to avoid the need to import fertilizers, which are costly and often environmentally dangerous.
- Testing of systems of resource-conserving range management which will be acceptable to migratory herdsmen.
- Confecting techniques for low-cost integrated pest management which do not rely on harmful or costly chemical pesticides.
- Discovering low-cost ways of measuring and monitoring water output from shallow aquifers.
- Developing additional and lower cost sources of farm energy.
- Comparisons of total performance of a large number of low-cost projects (in AID and elsewhere) with that of conventional high-input agricultural systems.

ADAPTATION AND SPREADING OF SUSTAINABLE FARM TECHNIQUES ("EXTENSION")

- We don't underestimate the difficulty of transfer of complex inter-disciplinary techniques to hard-to-convince farmers. What we are trying to do, to some degree, is to substitute intensive management and information of existing resources for external inputs. To the degree that AID involves itself in technology transfer, it must face the problem of how best to bring together people from outside with proven technologies for sustainability with farmers with their local knowledge, attitudes, and prejudices.
- We applaud AID for beginning to move away from financing and then relying on extension services patterned after US models, models which have progressively fallen into disuse here. We encourage AID to move creatively farther and faster in the direction of perfecting country-specific "bottom up" modes of helping farmers to adapt sustainable agricultural systems. These systems will differ from country.

In some countries, national extension services are so weak, so out of touch with farmers and even so corrupt that at best they should enjoy AID's benign neglect. In such countries, AID should use local "NGO's", promote new uses of mass communications and better use of the formal educational systems at local levels. Better utilization of local people who understand and are dedicated to sustainability, people who have a superior knowledge of local culture, appears to us to be the best way to mobilize these absolutely vital local human resources. AID should also have more "barefoot" seminars on agricultural sustainability.

- We believe that almost invariably the best base for success in reaching large numbers of poor people for the adaptation and teaching of new techniques is participation by farmers at all stages of research and planning and, of course, project implementation. This must be accomplished at the village level and through working with credible (to farmers) local organizing groups of manageable size.

- AID should expend a lot more effort in helping to build up local institutions. We recognize that the selection of local cooperating organizations is messy, highly pragmatic and almost site-specific. Usually, but not always, the best group to choose is the one that is most widely supported by the farmers themselves: farmers' cooperatives or unions; women's groups, particularly where women do most of the farm work; village councils; and religious groups. If no appropriate group exists, we believe that AID should help create one.

- But AID's working at the level of individual villages won't solve the problem of spreading new techniques more broadly. At this stage, AID does not have the money to tackle the problems of sustainability in all villages of a country or even a region, even when workable techniques have been developed. Nevertheless, even while working at the village level, AID must aim to construct solutions which are potentially of broad enough applicability as to be widely acceptable in a large number of villages and which need only small low-cost local adaptation. For the moment, AID must usually realistically look to cooperating organizations - and cooperating donors -- to shoulder the broader dissemination of information on new and proven systems and techniques. This further means that project methods and results must be recorded in a way which can be widely understood and then made widely available.

- Typically, the most difficult problem in bringing about farmers' acceptance of proven systems and "technical packages" is finding more widely based regional or national groups with the technical skills, governmental receptivity, and financial strength to act as conveyor belts to reach new farmers groups. We believe AID is on the right track in turning for this purpose to:

  - US private voluntary agencies;
  - "indigenous" PVOs with national or regional reach;
  - the US Peace Corps;
  - the Pan American Development Foundation;
  - the African Development Foundation;
  - the World Food Program;
  - IFAD;
  - local university outreach programs;
  - and, increasingly, local private sector channels, particularly in Asia.

- AID should give greater emphasis to in-country training in agricultural sustainability of people at every level involved in agricultural development: government officials, indigenous NGO and PVO leaders, and farm youth in schools.

- There are limits, in the case of each of these categories of cooperants, usually self-imposed, on their capacity for expansion. We recommend that AID urgently make more systematic efforts to identify organizations, particularly local PVO's, which can effectively play this role. We also urge that AID do even more to encourage reluctant developing country governments to look with a kindlier eye on the use of such groups, particularly local groups. Finally, we urge that AID identify and seek to remedy constraints that make it difficult for PVOs to use their funds efficiently; that it make a careful survey of success stories in the use of PVOs in achieving sustainability; and that it examine how it can help give the better indigenous PVOs the financial stability which will attract and keep good people. We recognize that PVO's may have problems in absorption, in finding the right ratio of technical to management staff, and in adapting their experience in agricultural sustainability from one region to another. However, we see big gains to be made from even closer, if discreet, partnership between AID and PVO's in all these regards.

- As a very central point, given the fact that AID will be depending increasingly on PVOs, American and indigenous, we believe that AID should continue to reassess and rationalize its methods of working with them. Every effort should be made to be more flexible and encouraging and less bureaucratic. For example, we believe that matching fund requirements should be relaxed for AID-PVO cooperative activities involving agriculture and forestry just as it has done with child survival programs. All this may require changes in Congressionally mandated requirements, and we are prepared to help.

AID'S NON-AGRICULTURAL PROGRAMS CLOSELY RELATED TO AGRICULTURE

We support the following programs:

- Land tenure programs and land reform programs of the right kind or, where communal property is firmly rooted, more security for farmers in their tenure: the purpose of such measures is to give farmers a sense of ownership and responsibility for the land they till so that they will, among other things, not have disincentives against protecting the natural resource base of their lands. But land reform which substitutes an unfriendly government official as the patron for a large land owner is not worthy of AID support.

- AID programs proposing and supporting, through structural adjustment and reforms or otherwise, a whole series of changes in governmental institutions and policies which could help the cause of sustainability (agricultural pricing, agriculture taxes, abolition or limiting of cheap food imports, changes in government agricultural institutions, and abolition of subsidies which discourage farm populations). But again, we do not support structural adjustment programs that do cause or could cause unsustainable exploitation of the natural resource base for short term balance of payments gains.

- Population programs, including demographic studies to determine the impact of population trends on agricultural sustainability. Reducing overly rapid population growth is one of the keys of the transition to sustainable agriculture in many parts of the world. Even in areas where the lack of population could be a constraint on agriculture, the ability of farm families to decide on family size will be a factor for sustainability.

- Health programs, particularly infant health.
- Education programs for farm families.
- Women in development programs.
- Non-farm rural employment and other programs which improve the quality of rural life.

INSTITUTIONALIZATION OF SUSTAINABLE AGRICULTURE WITHIN AID

Experienced AID observers all agree on one thing: in a process-driven agency like AID, the surest way to ensure that a principle like sustainability moves rapidly toward effective incorporation into all its agricultural and related programs is to institutionalize it by bringing it into every aspect of AID activities: adoption of the vocabulary of sustainability as part of standard AID terminology; adoption of processes which will require the introduction of the concepts of sustainability into all programs and projects; the testing of programs and projects to determine when and whether sustainability is being achieved; personnel recruitment and assignment; training; promotion; policy formulation; planning at individual missions, as well as central planning and budgeting; project review and evaluation; planning and coordination with other donors; and, very important, policy and technical discussions with developing countries.

As with any key program, AID's program for agricultural sustainability must receive increased resources, money as well as personnel, if it is to succeed. A major effort should be made by AID, particularly in these times of budgetary stringency, to convince Congress of the priority and importance of U.S. support of agricultural programs where sustainability is well embedded as against other programs and, *inter alia* as a key element in the protection of our own national interests. Private American organizations, like those which participated in the formulation of these views, should be asked to lend important support with Congress.

AID should, from this day forward, introduce the concept of sustainability into Congressional Presentations on its agricultural program, as well as into other communications with Congress. Congress is already sensitive to sustainability arguments and will be impressed.

AID should particularly examine one instrument for giving greater support to this effort, Public Law 480. We believe that greater use can be made of funds so generated for support of agricultural sustainability without creating dependence on imported food stocks.

AID has a comparative advantage over other donors in helping developing countries make the shift toward agricultural sustainability. In addition to sharing in the U.S. national ability to adapt agricultural advances to many situations, it has other strengths: the presence of AID field staff which can monitor and encourage promising initiatives (although field staffs are being cut too rapidly under present budgetary pressures); ability to mobilize grant funds and PL-480 counterpart funds to help meet local costs; a dynamic relation with U.S. PVOs which should allow creative spread of sustainable agricultural concepts; the willingness to help build cooperating nongovernmental organizations in developing countries; and the ability to work closely with experienced people in American academic and scientific institutions in networking with developing countries.

AID also has some distinct disadvantages: growing budgetary limitations; personnel ceilings; and, perhaps as serious as any, Congressional restrictions on AID's activities.

AID thus must also take the lead in convincing other development agencies to apply the tests of sustainability to their farming programs and projects. This will require an exercise in intellectual conversion as well as a political exercise to demonstrate the importance of convincing Congress that agencies which depend on U.S. funds should be paying more attention to sustainability.

Personnel

Most of AID's younger generation of agricultural experts -- now in the majority -- are believers, at least in theory, in the centrality of sustainability to agricultural development. The trouble is that AID does not yet have enough field-based agricultural and especially natural resource experts to plan the kinds of projects we have described; to inform and motivate developing country counterparts; to keep close touch with farmers and their organizations; to monitor U.S. and other agricultural and natural resource projects and programs; and to seek, evaluate and disseminate the successes and failures of sustainable agriculture. Unfortunately, the number of experienced in-house agriculturalists is shrinking, and AID never did have a sufficient number of natural resource specialists. Without trying to quantify exactly how many such experts should be stationed in Washington or in a given region, we believe that every mission where there is a serious agricultural-natural resources program (and with limited exceptions that should include all AID missions) should have one or more resident experts of one discipline or another related to sustainability. AID should make special efforts to recruit more of the kind of people who understand and sympathize with the participatory approach such as ex-Peace Corps people. AID should also encourage American PVOs to help in training local experts skilled in the agronomic and human skills of sustainability.

We strongly urge that Mission Directors and, in fact, all AID personnel be judged for promotion in part on their ability to support sustainable agricultural projects. This means, unlike what is the case too often today, seeing such programs through to a successful conclusion, not just designing elegant projects and getting them underway. More imagination should be used in finding ways to keep personnel involved in key projects over a longer period, even after they may be transferred from the country where a key project is located.

We urge much more intense training of AID personnel at all levels in the concept and practice of agricultural sustainability.

We recognize that AID will have to rely heavily and increasingly on outside experts from the U.S., other developed countries and from the Third World, from a few excellent agricultural development institutions, from freestanding groups of consultants, and from the academic community to carry out its agricultural programs. We urge discriminating emphasis in selection of these experts on experience and performance and not on their institutional affiliation as such. We also urge a careful review of the criteria for selecting "IQCs" to ensure that agriculture consultants so chosen are truly qualified in the principles of sustainability.

We urge AID to assign a few key people for longer periods of study of agricultural sustainability in the universities and in the field.

We urge AID to sponsor a growing number of regional workshops on sustainability in agriculture, some quite specifically on sustainability for farmers on fragile lands. AID should also hold or sponsor more interregional workshops in Washington. These workshops should include people from all regions, all bureaus, Congressional aides, PVO and NGO representatives, and outside experts.

AID Policy and Planning: In Washington and in the Field

We believe that AID has made a good start in formulating policy on agricultural sustainability. Nevertheless, we believe that AID's working consensus has far outrun written down policy in both detail and creativity. As already indicated, we believe that AID's new agricultural focus statement should be expanded. We urge AID within the coming months to make new efforts to formulate global and regional agriculture policies which will, to a greater extent, reflect the centrality of sustainability.

We urge that more of AID's centrally funded agriculture and natural resource projects be focused specifically on sustainability. The fragile lands project provides a good precedent, and should be watched very closely.

With growing decentralization, a major emphasis on agricultural sustainability in the planning and allocation of funds by AID missions is essential to institutionalizing sustainability. Some missions--reflecting the experiences and predilections of top staff and often the views of host-country government--put more emphasis on sustainability than others. We urge AID in its screening of mission Action Plans to insist that missions include proposals for projects and project elements that address agricultural sustainability. Furthermore, we believe every mission should have at least one ongoing program which addresses at the national level one or more of the more serious natural resource conservation problems related to agricultural and rural development. Individual Country Development Strategy Statements as well as the guidance for preparing those statements should also be reviewed to ensure they have taken agricultural sustainability and particularly its natural resource components fully into account in their longer range planning.

We urge AID to push on toward completion of Phase II of the Congressional mandated program for financing the writing of environmental profiles for developing countries. These profiles, appropriately done largely by experts from the country being studied, should be required to put new emphasis on natural resource problems associated with agricultural sustainability. The same should be the case with AID-financed National Conservation Strategies.

AID Leadership on Agricultural Sustainability with Developing Countries and Other Donors

Outside but more often within the context of their projects, AID, Embassy, and other U.S. officials have a continuing exchange of ideas and proposals on agriculture and related subjects with officials of the country to which they are accredited. These discussions range from macro-economic aspects of economic policy and reforms--in or out of fundamental discussions on structural adjustment--to quite technical discussions among experts. Sustainability in all its aspects should be central to those discussions. We also urge that AID generate good discussions of the demographics of agriculture and its relation to population programs.

We recognize the difficulty of persuading other givers of economic assistance fundamentally to change the course of their development assistance programs and to undertake programs and projects to which they are not politically, institutionally, or intellectually committed. However, agricultural sustainability and natural resource protection are themes whose time has come, and other donors--and some of the more advanced developing countries like India, China, and Thailand--have very important contributions to make in this regard. We urge that agricultural sustainability--and not just agriculture--should be the theme of regular exchanges of information and views with and among donors and of attempts to avoid unproductive donor duplication and rivalries, both in-country and on a more global or regional basis. AID should also, in this period of budget austerity, interest other donors in financing projects for the spreading of sustainability solutions, once such techniques have been proven in various environments. This should be particularly so when AID doesn't have the money to do the job itself.

AID should urge the OECD's Development Assistance Committee (DAC) to hold a special session dedicated to sustainability.

AID, in reviewing World Bank and other regional bank projects, should give special emphasis to those institutions' performance on sustainability.

Finally, we urge that AID produce an annual state-of-the-art report on its and other's experiences in finding successful techniques for advancing agricultural sustainability as well as ways to get them adapted and adopted. PVO experience in this regard will be particularly important.

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April 29, 1988

REDUCED FUNDING FOR PROGRAMS

Senator INOUYE. Your observations are absolutely correct, and it saddens and chagrines us that we do not have enough money.

We also note, for example, that in order to help Africa we have been cutting out funds from Latin America and Asia. We are hoping that there is some other better way of doing this.

Next year I will be leaving the chairmanship of this committee, and will go off to different pastures. I will be chairman of the Defense Appropriations Subcommittee. And we might be able to save a few there and plow it into here. So we will see if I am successful.

Mr. BLAKE. Thank you, Mr. Chairman.

RECESS

Senator INOUYE. May we have another short recess today? There is another vote.

[A brief recess was taken.]

ENVIRONMENTAL DEFENSE FUND

STATEMENT OF BRUCE M. RICH, SENIOR ATTORNEY, ENVIRONMENTAL DEFENSE FUND

ACCOMPANIED BY JAMES BARNES, SR., ATTORNEY, ENVIRONMENTAL POLICY INSTITUTE

NATIONAL ENVIRONMENTAL CONCERNS

Senator INOUYE. Our next witness is Mr. Bruce Rich, senior attorney for the Environmental Defense Fund, accompanied by Mr. James Barnes, Sr., attorney of the Environmental Policy Institute. Please proceed.

Mr. RICH. Thank you, Mr. Chairman. I appreciate the opportunity to be before the subcommittee today.

I am Bruce Rich, senior attorney with EDF and Director of the Environmental Defense Fund's International Project, and I am testifying today on behalf of both the Environmental Defense Fund and Friends of the Earth, both of them national environmental organizations.

At the outset we would like to thank this subcommittee, particularly the chairman and ranking minority member, for the concern and vigilance with which it has promoted environmental reform in the multilateral development banks over the past several years.

Thanks to the tenacity of the subcommittee, an environmental reform process has been set in motion which we believe is irreversible, and which will not only benefit hundreds of millions of poor in the developing nations but will also ensure the U.S. taxpayer contributions to and support for the multilateral banks is used in the most effective and productive way possible, provided these reforms are continued and implemented.

MULTILATERAL BANKS REFORM PROGRAMS

My statement this afternoon will focus on the progress of the multilateral banks in carrying out environmental reforms.

I think that all the national organizations, environmental organizations, that have testified today would strongly urge you to evaluate carefully the environmental progress, or lack thereof, of the multilateral banks as a major factor in considering appropriations for these institutions. After all, this issue goes to the real heart of the quality and sustainability of most of their activities.

Now, my statement, my prepared statement, has two parts. The first is a general review of important aspects of the progress and deficiencies of the multilateral banks in the environmental area, and the second consists of case studies on multilateral bank funded projects, particularly World Bank projects in two of the biggest borrowing countries, India and Brazil.

Our major conclusion is that despite the beginnings of major institutional reform in the World Bank, and several very praiseworthy initiatives of the Inter-American Development Bank in Brazil to involve local communities involving environmental problems—Barbara Bramble of the National Wildlife Federation talked about that at some length, but we would like to second and support her remarks on that.

Despite some signs of hope, there are still massive environmental problems in multilateral bank projects, particularly in the case of the World Bank. Its record in Brazil and India, as is documented in a number of case studies in my prepared statement, speaks for itself.

What we see is that at current levels of lending, the World Bank is having major and completely avoidable problems in assuring the most minimal levels of environmental soundness, social equity, and economic sustainability in its projects.

Although in principle we are not against the general capital increase for the Bank, we urge the Appropriations Committee not to endorse it until the World Bank demonstrates an improved capacity to implement its environmental policies, some of which have existed on paper for years, and puts a great priority in actions, not just rhetoric, on lending that promotes environmental sustainability and the greater involvement of local communities affected by its projects.

And this whole issue of access and freedom of information, not only to groups here in the United States or other industrialized countries but especially for the people who are most directly affected by these projects, that is a critical part of that.

We would like to thank you for the remarks you made to David Wirth of NRDC concerning the need, at least for the U.S. executive director, to perhaps look into this issue more.

Well, the World Bank over the last year has announced a number of major environmental reforms. One of the most important of them was the creation of a new environment department and environmental assessment components in each of its four operational regions.

Regrettably, so far there is less than meets the eye to these reforms. For example, to address the problem with environmental review and assessment of projects, the Bank did establish four units in each of its four regions for environmental assessment, with about five professionals each in these units, in the regions for Latin America, Africa, Asia, Europe, and the Middle East.

We have discovered, however, that these environmental assessment units have not been given either a sufficient budget nor the institutional authority to intervene early in projects, unless they are specifically requested to do so by the project officers and bank country directors.

These operations staff themselves have little institutional incentive to involve the environmental assessment units, since this involvement can only risk slowing down the processing of projects and loans, which is what advances the careers of the staff. It is not the environmental quality of projects that advances the careers of most of the staff.

FORCED RESETTLEMENT PROGRAMS

Another initiative that has been characterized by both promise and disappointment involves the recent publication at the World Bank of a new expanded policy concerning forced resettlement caused by development projects.

This was just published over the last month. It really expands upon a policy on forced resettlement which the Bank released in 1980. This is a critically important issue. As we are talking, World Bank infrastructure projects on four continents are forcible resettling over 1 million people, 400,000 alone in India.

Oftentimes these people are the most vulnerable minorities, they have a traditional subsistence agricultural sort of existence. In more cases than not, these people have been reduced from subsistence to absolute destitution by forced displacement caused by resettlement projects.

And in our documentation in our statement, we come across a number of projects, huge projects in India, where hundreds of thousands of people are being displaced, and where despite protests and dossiers and letters sent by environmental groups in the U.S. and in India the Bank has done little to resolve the problems in this regard.

PROJECTS IN BRAZIL

We have also looked at projects in Brazil. Now, the Bank has asserted that many of the environmental problem projects are either historical or anecdotal, that they are not systemwide.

But on the contrary, just over the last year our research into these issues has indicated that the problems are occurring now but they are systematic, and they are a direct consequence of the World Bank's lack of action and effectiveness in implementing its declared environmental reforms.

For example, the Bank is not enforcing its loan conditions and environmental guidelines in the Carajas iron ore project in Brazil, which again Barbara Bramble referred to in some detail.

This is a very serious situation. Here you have a giant iron ore mine in the heart of the Amazon rain forest, a 900-kilometer long railroad, and a deep water seaport, all of which the Bank helped to finance with a $300 million loan.

Along this railroad, using iron ore from the World Bank financed mine, the railroad owned by the borrowing agency from the World Bank, pig iron smelters are being built which will use charcoal from a pristine tropical forest area, and an area approximately the size of Wisconsin will be destroyed in 18 years, according to studies of the Brazilian government, if these activities go through.

Now, the Bank has been aware of this situation for more than a year and a half. It could have halted disbursements in the Carajas iron ore projects a year and a half ago. There is a loan condition which explicitly requires the Brazilian government authorities to ensure that the activities that go on alongside the railroad for 100 kilometers on either side are environmentally sound.

Now, the loan has been disbursed, but the Bank could have used its leverage with respect to other World Bank loans for development in the Amazon, to give the sign to the Brazilian government that it has to take action in this regard.

And this is what we hope that the subcommittee could perhaps suggest to the U.S. executive director of the World Bank. It would mean a tremendous difference for the Indian tribes that live in this area and also for the fate of this tropical forest region.

Related issues that the World Bank continues to rely on in financing government institutions in developing countries, that systematically fail to carry out their loan obligations under bank agreements.

POLONOROESTE PROGRAM

For example, the Brazilian Indian Protection Agency has contributed to a situation in the Polonoroeste program in northwest Brazil, this gigantic roadbuilding and colonization scheme, where we have continuing examples of fraud, pillage of Indian lands and resources that the Indian agency is supposed to respect.

Blatant disregard, not only with World Bank loan conditions but of protection of the environment and indigenous people's lands. Yet the World Bank is now preparing a new loan of $200 million for this Polonoroeste project.

Another loan of $500 million for the Brazilian power sector, all of which would depend very heavily on this Indian agency, Funi, for the protection of Indian lands and natural resources.

I see I am running out of time. I will then rush through this to the end. A year ago we testified before this subcommittee concerning these large-scale World Bank projects in India involving forced resettlement.

Three are of particular concern, the Narmada River and Bogdod dams and the Singrauldi coal mine and thermal power development project. Here again we have a situation where hundreds of thousands of people have been displaced or will be displaced.

In the Singrauldi project, for example, we have a situation where 23,000 people were displaced by a large World Bank coal mine and powerplant, where the Bank has still done nothing a year later to remedy their situation, and where we have had a situation where there are mass protests on-site, 10,000 people in February in an attempt to remedy the situation.

We hope that the subcommittee could perhaps direct inquiries to the U.S. executive director of the World Bank concerning these projects in Brazil and in India, particularly concerning the issue of deforestation of the Carajas project in Brazil and this dreadful problem of forced resettlement of the poorest populations by large-scale development projects.

[The prepared statement of Bruce M. Rich follows:]

ENVIRONMENTAL DEFENSE FUND

STATEMENT OF

BRUCE M. RICH

ON BEHALF OF

ENVIRONMENTAL DEFENSE FUND
FRIENDS OF THE EARTH

CONCERNING THE

ENVIRONMENTAL PERFORMANCE
OF THE MULTILATERAL DEVELOPMENT BANKS

I. Introduction

Mr. Chairman, I appreciate very much the opportunity to appear before this Subcommittee today. I am Bruce M. Rich, Senior Attorney with the Environmental Defense Fund (EDF), and Director of EDF's International Project. I am testifying today on behalf of EDF and Friends of the Earth. The Environmental Defense Fund is a public interest advocacy and research organization with over 70,000 members nationwide. Friends of the Earth has national organizations in the U.S. and in more than a dozen other countries around the World with a total membership of over 150,000.

My statement this afternoon will focus on the progress of the multilateral development banks (MDBs) in carrying out much needed environmental reforms. I think that all of the national environmental organizations testifying today would strongly urge you to evaluate carefully the environmental progress--or lack thereof--of the MDBs as a major factor in considering appropriations for these institutions. I know that members of groups such as EDF and Friends of the Earth would consider it indefensible to increase appropriations for institutions that would be unwilling or incapable of avoiding large scale environmental destruction and social disruption in their activities.

My statement is divided in two parts. The first is a general review of important aspects of the progress and deficiencies of the MDBs, particularly the World Bank, in achieving environmental reform. Much of the first part is based on the second, which is a more detailed examination of the effectiveness with which the MDBs (particularly World Bank) are addressing environmental and social problems in specific projects in Brazil and India. And this is the bottom line--what is actually happening at the project level in the borrowing countries.

Our major conclusion is that despite the beginnings of major institutional reform in the World Bank, and extremely praiseworthy initiatives of the IDB's Brazil operations staff to involve local communities in resolving environmental problems, progress in actually implementing environmental reform has not only been slow, but inadequate. Particularly in the case of the World Bank, its record in Brazil and India, as documented in the second part of my statement, speaks for itself. What it indicates is that at current levels of lending the Bank is having major--and avoidable--problems in assuring the most minimal levels of environmental soundness, social equity, and economic sustainability in its projects. Although in principle we are not against the General Capital Increase for the Bank, we urge the Appropriations Committee not to endorse it until the Bank demonstrates an improved capacity to implement its environmental policies and puts a greater priority--in actions, not rhetoric-- on lending that promotes environmental sustainability and greater involvement of local communities affected by its projects.

II. Progress to Date of the MDBs in Achieving Environmental Reform

Since June, 1983 the Congress has held, at my count, 22 hearings on the environmental performance of the MDBs; ten of these were special oversight hearings called specifically to build a public record on the need for environmental reform in the MDBs. As a result, a public record of thousands of pages has been established over the past five years on both the environmental deficiencies of the multilateral banks and on the ways in which the United States could effectively promote needed reforms within them.

Progress did not begin until 1984 and 1985, when this Subcommittee became actively involved. In particular, this Subcommittee took a lead role in enacting legislation in 1985 and subsequent years that directed the Treasury Department to promote in the banks fundamental environmental reforms through our MDB Executive Directors.

A. The World Bank

Despite the continued pressure of the United States, and, increasingly, of other donor nations, progress of the MDBs in implementing environmental reform has been for the most part not only slow, but inadequate. I will dwell mostly on the World Bank, since it is the most important by far of the MDBs and has also taken the lead among the multilateral banks in admitting that with respect to the environment that "if the World Bank has been part of the problem in the past, it can and will be a strong force in finding solutions in the future." Little more than one year ago the President of the Bank, Barber Conable, publicly announced a number of environmental reforms the Bank would undertake: the creation of a new Environment Department with greatly increased staff, compared with the Bank's old environment unit; financing a number of environmentally beneficial activities, including doubling the Bank's forestry lending; and greater involvement with non-governmental organizations.

Regrettably, there is so far less than meets the eye to these reforms. The need for increased environmental staff was the most urgent reform, because although the World Bank has had for a number of years environmental guidelines and policies, lack of environmental review staff made the systematic implementation of these policies impossible. Formerly, the Bank with more than 6000 employees had an environmental unit with at most five or six staffers, only three of whom were involved even part time in attempting to review more than 300 new projects a year and hundreds of ongoing ones.

To address the problem of environmental review and assessment of projects, the Bank established environmental review units of approximately five professionals each for each of its four operations regions--Latin America, Africa, Asia, and Europe and the Middle East. We have discovered, however, that these environmental assessment units have not been given either sufficient budget nor the institutional authority to intervene early in projects unless requested to do so by project officers and Bank country directors. These operations staff have little institutional incentive to involve the environmental assessment units, since this involvement can only risk slowing down the processing of projects and loans, which is what advances the careers of the staff, not the environmental quality of projects.

In addition, the Bank established a new, central environment department, with about 28 professional staff, which is mainly involved in research, and longer term planning and strategy. The work of the central environment department--which includes research such as revamping the Bank's cost/benefit analysis so it can quantify and incorporate some environmental concerns--could have a longer term impact on the whole nature of the Bank's lending, but so far it appears to have had little tangible effect.

Recent meetings, however, with the Director of the new environment department have been encouraging, since there appears to be an awareness now that actions, rather than promises and speeches are the sole criteria by which the Bank's effectiveness in this area will be judged. One area of specific concern where the environment department could have a major impact not only on the Bank's lending, but on the development policies of scores of countries, involves the use of toxic and hazardous substances, such as asbestos, PCPs, and pesticides in development activities. In the past, new information on such substances was often provided to Bank staff through industry sponsored seminars, without any procedure for ensuring input from independent and recognized specialists from the scientific, medical and public health communities. A recent example took place last March 17th, where the World Bank sponsored a seminar for the Washington international development community on public health and asbestos, with the goal of using information from the seminar to help prepare new guidelines on use of this substance in Bank projects. The seminar, in fact, was co-sponsored by the Asbestos Institute--an industry and Canadian government financed lobbying organization with little scientific credibility. The speakers and the conclusions of the seminar were chosen and prepared by the Asbestos Institute in advance. In response to situations such as this, the Bank's environment department has committed itself to a truly praiseworthy initiative--the creation this year of a Bank Scientific Advisory Board on Toxics, and the convening of panels to gather information from a wide variety of independent scientific and medical sources on specific substances, such as asbestos, PCBs and tobacco, with a commitment to prepare guidelines by the end of the year. It is exactly this kind of commitment to action that gives us hope that when we appear before this Subcommittee next year, we will have ample evidence to praise the performance of the Bank's new environment department.

Another initiative characterized by both promise and disappointment involves the recent publication by the World Bank of a new, expanded policy concerning forced resettlement caused by development projects. This policy is is comprehensive and humane, and should be emultated by the other MDBs. It is particularly disappointing, then, that we have found massive evidence of the lack of implementation of the Bank's already existing policy on forced resettlement (which dates back to 1980 and which is the base for the new one) in Bank projects, especially in India.

The promise of a greater proportion of environmentally beneficial projects has also had little manifestation in the actual mix of projects the Bank has financed over the past year. There have been isolated instances that are encouraging--such as the identification of a proposed national environmental policy loan for Brazil that may total over $100 million. The promise of doubling the Bank's forestry lending in coming years, however is seen by many environmental organizations in the Third World as a threat, since many Bank forestry projects in the past have had adverse environmental and social impacts. I have included for the record a recent article from the British journal New Scientist (Appendix I) which describes some of these problems. Finally, with respect to greater involvement of non-governmental organizations, particularly in developing countries, we have heard an escalation of rhetoric in this regard over the past year, but have seen little change in practice where it counts--with respect to regularly involving and consulting with NGOs in the borrowing countries. Again, there have been isolated examples of greater consultation, but recently--for example with respect to a number of World Bank energy projects in India--more examples of dismaying reluctance or inability to meet with representatives of poor people directly, and adversely, affected by Bank projects.

B. The Bank's Record in Brazil and India: Needed Operational Reforms

The second part of this statement documents in detail disturbing evidence over the last year of massive environmental and social problems in World Bank financed projects in Brazil and India, two of the Bank's largest borrowers. These problems are neither "historical," nor "anecdotal," as some Bank officials have stated, implying that environmental and social negligence was either only a problem in the past, or occurred only in isolated incidents which could not be cited to characterize the Bank's environmental performance as a whole. On the contrary, the problems are occurring now, are systematic, and are a direct consequence of the Bank's lack of action and effectiveness in implementing its already existing environmental policies in its operations.

We have been following closely three of the Bank's most important lending programs in Brazil: the Carajas Iron Ore Project, the Polonoroeste Program, and lending to the Brazilian power sector. We, and groups in Brazil and all over the world have communicated to Bank officials the environmental and social concerns in these projects in the form of letters, dossiers, and meetings.

Nevertheless, the situation in these enormous programs--where past and proposed Bank lending totals over two billion dollars--has gravely deteriorated over the past year because of Bank inaction and lack of priority in implementing its environmental and social policies in its operations. The analysis of the projects in Part II of the testimony concludes that there are three critical issues where the Bank is not acting:

1. The Bank is not enforcing its loan conditions and environmental guidelines. For example, despite international appeals and blatant violations of its own loan conditions, the Bank has refused to take measures to prevent massive deforestation in the legal project area of its Carajas Iron Ore Project, where charcoal fired pig iron smelters buying ore from a Bank financed mine and using a Bank financed railroad will destroy an area of tropical rainforest the size of Wisconsin. The Bank has been aware of this situation for more than a year and a half, and could have halted disbursements for the Carajas project long ago. Now almost all of the loan has been disbursed; it is therefore critical that the Bank use its leverage to withhold other proposed Bank loans for development in the Amazon until the Brazilian Federal government takes measures to ensure that the government entities involved in Carajas--the CVRD state company and the Greater Carajas Interministerial Council--respect the Bank's environmental loan conditions.

2. A related issue is that the Bank continues to rely on, and finance government institutions that have failed to carry out obligations under recent or ongoing Bank loans, without addressing the fundamental lack of will or capability of these institutions to fulfill their contractual obligations. In particular, the Brazilian Indian protection agency, FUNAI, has contributed to a situation in the Polonoroeste Program that is a shambles and a disgrace with continuous examples of fraud, pillage of lands and resources it is supposed to respect, and blatant disregard not only of Bank loan conditions for the protection of the environment and indigenous peoples' lands, but of minimal standards of competence and legality.

Yet the World Bank is currently preparing new loans of $200 million for Polonoroeste and $500 million for the Brazilian power sector that will involve substantial reliance on FUNAI for the protection of Indian lands and natural resources associated with them in the project areas.

The past record shows that future World Bank loans for development in the Amazon will risk massive destruction of natural resources, and possible death for members of vulnerable Indian tribes, unless the Bank adopts a much stronger policy that would combine lending for the building up of weak institutions such as FUNAI with much stronger enforcement of loan conditions and environmental regulations. A critical element of such a policy would include the invocation of cross conditionality, i.e. the halting of disbursements or loans for other projects in the Amazon when it is apparent that the Brazilian Federal government is not taking actions to promote compliance of its agencies, such as FUNAI, CVRD, or ELETROBRAS (the State power utility which is the executing agency in power sector lending) in individual projects.

3. Third, recent statements of Bank operations staff on the relation of Bank sector lending to the Bank's internal regulations and publicly stated policies on the environment, forced resettlement and indigenous peoples' rights appear to directly contradict the Bank's high level commitment to ensure improved environmental performance and attention to populations that could be adversely affected by its projects. In recent years, a significant proportion of Bank lending has gone to large, quick disbursing loans targetted at supporting whole sectors of the economy, such as energy or agriculture. In the case of Brazil, for example, a first power sector loan of $500 million was approved, over the objections of the U.S. and a European Executive Director, in June, 1986. A second power sector loan for another $500 million come before the

Bank's Board of Directors for consideration in September or October of this year.

In the case of Brazil, such sector loans are financing discrete physical projects, such as large hydroelectric dams in the Amazon rainforest, as part of an overall power sector investment plan whose review and approval by the Bank was a prerequisite for the loan. Although there is no dispute about the need for sector loan provisions to strengthen the institutional capacity of state Brazilian electric utilities to address environmental concerns, some Bank staff maintain that Bank regulations (known as Operations Manual Statements--OMS's) on the environment, forced resettlement etc. do not apply to, or that the Bank should not be held responsible for, individual subprojects financed under sector loans. This turns both the Bank's general commitment to environmental reform, and existing sector loan conditions for environmental institution building in the power sector into a travesty.

In India we find analogous problems with large Bank lending programs, where the impacts of Bank financed projects on vulnerable tribal groups and forcibly resettled populations is a matter of the highest concern. Of particular concern is a pattern of continued and flagrant violation of the Bank's own policies for compensation of forcibly displaced populations and an apparent inability or unwillingness to meet with local community groups and organizations to address the concerns of populations directly affected by Bank projects.

A year ago Steve Schwartzman of EDF testified before this subcommittee and submitted material for the record concerning grave environmental and resettlement problems in two major lending programs of the Bank in India to which the Bank has committed a total of well over a billion dollars: Singrauli and Narmada. It saddens me to report that over the past year the Bank has done little to redress scandalous problems in these projects, despite inquiries of the U.S. Treasury Department, letters and dossiers submitted by numerous environmental and human rights groups in India, the U.S. and numerous other countries, and most disturbingly, mass demonstrations of tens of thousands of people at Bank project sites in Singrauli and the Sardar Sarovar dam on the Narmada River. The dissatisfaction of local populations that have been displaced by Bank loans or will be displaced in these two areas has reached a dangerous level of militancy.

In the case of Singrauli, it is urgent that the Bank undertake an emergency environmental and resettlement rehabilitation plan for 23,000 people displaced by a giant thermal power plant and coal mine, as well as coordinate a plan among other international donors that have financed power plants in Singrauli to develop a longer term environmental and rehabilitation plan for the region. Worse, it appears that the Bank has financed as many as a dozen other thermal power plants in India in recent years, and, according to Sunil Roy, the Chairman of India's National Committee on Environmental Assessment of Thermal Power Plants, tens of thousands of people have been displaced from many of these World Bank project sites and impoverished with no provision for compensation or rehabilitation by the Bank.

Last year, EDF testified before this subcommittee about a World Bank financed dam project in India that is of great concern to environmental and human rights organizations all over the World--the Sardar Sarovar dam on the Narmada River. This dam, and a second dam upstream which the Bank has scheduled for appraisal, Narmada Sagar, will forcibly displace over 150,000 people. Last year, we raised serious concerns about the systematic lack of adequate resettlement and rehabilitation schemes in these projects, and pointed out grave environmental and economic deficiencies in their conception and design. Of particular concern is the lack of consultation between the Indian state governments charged with preparing resettlement plans under the Bank's loan agreement, and local communities. As part II of this testimony documents, the situation 12 months later is reaching a crisis stage.

Another hydroelectric dam in India that the Bank is financing that is of tremendous concern to environmental and social equity organizations in India and around the world is Bodhghat, located on the Indravati River in the state of Madhya Pradesh. This dam will flood 13,000 hectares of one of the largest remaining tropical forest areas in South India and forcibly displace over 10,000 tribal people to generate, given the economic, social and environmental costs of the project, a piddling amount of electricity: 107 Megawatts. Again, as in the case of Narmada, environmental and resettlement planning in this project is in a state of shambles.

Thus, Mr. Chairman, we urge and request this Subcommittee to direct written inquiries to the World Bank through our Executive Director on the issues associated with the Singrauli, Narmada and Bogdhat loans, and particularly with respect to how the Bank is addressing the question of forced resettlement of tens of thousands of hapless poor, not just from these individual projects, but from the other thermal and hydroelectric plants in India, and in all projects that have resulted in forced displacement of vulnerable populations. We urge, in fact, that the Subcommittee demand that U.S. World Bank Executive Director call upon the Bank to undertake a full scale investigation of the implementation of its policies on resettlement and rehabilitation of populations displaced by its projects in India. In addition, we call upon the Subcommittee to urge the World Bank, through our Executive Director, to halt disbursements on the Narmada and Bodhghat projects and conduct thorough reappraisals of its involvement in both so that the full environmental costs, and the full costs of resettlement and rehabilitation of displaced populations are evaluated. We, and many non-governmental organizations in India are convinced that if this were done, the Bank could not economically justify its participation in either project.

C. The Regional MDBs

The Inter-American Development Bank, while continuing to suffer from understaffing and other institutional weaknesses in the environmental area, has undertaken over the past year several actions in Brazil that must be praised as outstanding examples of how MDBs can play a positive role in involving non-governmental organizations and local community groups to promote environmental concerns in projects that affect such groups. For example, in the past months the IDB has taken decisive action to bring its road construction project in the Northwest Brazilian state of Acre into compliance with environmental protection clauses in the loan. It has taken unprecedented steps to ensure the participation of Indian and rubber tapper communities most affected by the project, including securing an agreement of government agencies to allow Indian communities in the rainforest areas affected by the road to participate in surveys of their land requirements and to be legally empowered to decide on the form of reserve to be created for them. This process means that for the first time in any multilateral bank project, the communities most vulnerable to the negative effects of a project will have a real say in how the project proceeds, and in the measures intended to benefit them. With this action, the IDB has set a standard for active involvement of of non-governmental organizations and local community groups in all multilateral bank operations. A fuller description of the IDB's efforts in Acre is in the second part of my statement. In another recent case, involving a creek channellization and road construction project in the city of Sao Paulo, the IDB set another precedent in responding promptly to criticism of Brazilian NGOs and community groups representing a neighborhood which would have been affected by the one of IDB subprojects financed by this loan, the channellization of Tremembe Creek. Although many problems remain with this loan, it is to the IDB's credit that it responded to these concerns by sending a special mission to meet with representatives of the Brazilian NGOs, and after an environmental reevaluation, cancelled the subproject in question.

However, the IDB still has only two professionally trained ecologists (and one ecologist in the IDB's Brazil Field Office) in a staff of over 1800 to attempt to environmentally assess more than 80 new and hundreds of ongoing projects a year. Although representatives of the national environmental groups testifying at this hearing recently had an encouraging meeting with the IDB's new president, Enrique Iglesias, it is much too early to say whether he will be able to implement in the IDB his desire to give environmental matters a much higher priority. The precedent setting and praiseworthy actions of the Bank in the Acre and Tremembe Creek projects occurred in the context of public pressure from NGOs in Brazil and the U.S.; we believe that the addition of more qualified staff in the areas of ecology and social impact analysis is a prerequisite to systematize the promise for carrying out environmental reform it has shown in these two cases. The Asian Development Bank is similarly lacking in environmentally trained staff--there are currently three professionals in its environmental unit. The ADB has extensive environmental guidelines but inadequate environmental staffing and information from non-governmental organizations in ADB borrowing countries indicate to us that systematic implementation of these guidelines is far from a priority. The African Development Bank, given its limited resources, has tried to be responsive to environmental concerns, but it is difficult to say whether the environmental quality of its projects has been any better.

I must emphasize in conclusion that both in the World Bank and in the regional MDBs, the positive examples of environmental reform we can cite are noteworthy as exceptions to what is still a general rule of environmental negligence. Unfortunately, what EDF and the other organizations represented here today are continuing to uncover is more and more evidence of poorly planned, tragically misguided projects which are destroying the natural resource base on which the rural poor in developing countries depend for their physical survival. In project after project we are discovering that the MDBs' institutional weaknesses and lack of commitment of priority and resources to ecological matters is destroying the biological capital on which all future development in the Third World must draw. And it is especially the poorest of the poor, the most marginalized populations who are most cruelly affected. In a number of MDB projects gross ecological negligence is reducing rural populations from a subsistence economy to absolute destitution.

The one MDB that so far has made a significant institution wide commitment of resources and staff to improving environmental review of projects--the World Bank--has set up the units that would review Bank projects in such a way so that they are hamstrung by lack of resources and institutional authority. Five years after the first hearings on the environmental performance of the MDBs in the Congress, we have yet to see significant improvement in the environmental quality of the lending programs of the regional MDBs (with the exception, in the case of the IDB, of two very recent examples that give some cause for hope in its Brazil operations). To what extent this situation is do to bad faith, and to what extent it is due to bureaucratic inertia and incompetence is a matter for debate.

III. Needed Measures to Accelerate the Pace of Environmental Reform in the MDBs

Clearly, the pace and degree of environmental reform in the MDBs has been inadequate. A first priority should be more vigorous implementation of the major environmental reforms set out in the MDB environmental legislation of the past three years: increased environmental staffing, systematic involvement of local community groups, NGOs, and other organizations representing populations affected by MDB projects, and a shift in lending priorities so that a much greater proportion of environmentally beneficial projects are financed.

The regional MDBs need to greatly increase their environmental staff, and the World Bank needs to empower the expanded staff it has already hired, in particular the four regional environmental assessment units. Although the World Bank and IDB have made promising rhetorical commitments to greater involvement of local non-governmental organizations in their project planning and implementation, their actual practice--with some noteworthy individual exceptions that we have cited--continues to contradict their rhetoric. The lending priorities of the banks have hardly changed at all, and they continue to finance whole categories of projects which are both environmentally destructive and economically inefficient.

The U.S. Executive Directors need to continue, and strengthen their efforts to promote these environmental reforms in the the MDBs. But the most important need is for Executive Directors representing other nations, particularly Third World borrowing countries, to press for reform. Although the MDB environmental legislation has mandated that the Treasury and State Departments "conduct bilateral and multilateral discussions with other members of the MDBs to further strengthen the environmental performance of each bank" (Section 537 (g), House Joint Resolution 395, approved December 22, 1987) and "diplomatic and other initiatives" to the same end (Section 539 (c), of Public Law 99-591, 1987 Continuing Appropriations Act, approved October 30, 1986), over the past two years both Treasury and State have been relatively sluggish in undertaking such discussions and initiatives. The Congress could facilitate this by giving both the Treasury and State Departments stronger directives to undertake such international and diplomatic initiatives.

Much more disturbing is the fact that the managements of the MDBs are often not supplying their Executive Boards with sufficient information on the environmental and social aspects of loans so that loans for projects can be evaluated on an informed basis. Although most MDB project documents now contain a sentence or paragraph on the environmental consequences of proposed projects, the inclusion of such a sentence or paragraph is still done too often as a formality that conveys no information based on actual substantive investigation of potential environmental impacts. The Executive Directors of the MDBs receive the loan documents and project appraisal reports only two weeks prior to a vote, which, even if they had sufficient staff and resources to review them, is not sufficient for most member countries to make an informed decision. This would require sending the loan documents back to their respective countries for review and comment by agencies with technical expertise--logistically highly impractical if not impossible in a two week period.

To show the extent of the lack of environmental information in MDB loan decisions, I would like to submit for the record excerpts from the minutes of the Meeting of the World Bank Board of Executive Directors of June 19, 1986. At this meeting two Executive Directors of the World Bank, including the U.S. Executive Director, voted against approval of a $500 million dollar energy sector loan to Brazil on environmental grounds. Another Executive Director suggested that a decision on the loan be postponed, since further discussion and information was needed. I quote from paragraph 67 of the Board minutes for that date: "A number of speakers [Executive Directors] expressed concern about the potential environmental impacts and potential resettlement problems of the subprojects which would be financed by this loan. Some of them cited pressure on their Authorities to oppose the loan from environmental groups who appeared to have details of the subprojects, many of which were not discussed in the President's Report [loan document] (emphasis added). And paragraph 87: "Another speaker [Executive Director] asked that management provide information on the outcomes of the other projects [financed by the loan], as well as Itaparica. He also stressed that the documents presented to the Board did not point out all of the major issues over which the Board and various shareholder Governments would have difficulties with environmental groups. He asked that this be avoided in the future when this kind of project was presented to the Board."(emphasis added)

What we have here then is disturbing evidence that the World Bank Executive Directors themselves are concerned about the lack of information on the environmental and social impacts of projects that the Bank's management asks them to approve.

This underscores the urgent need for the MDBs to prepare environmental reviews or assessments on prospective projects and submit them well in advance to their Executive Boards so that member governments can make informed decisions on proposed loans.

There is a further need within the U.S. government itself to involve technically trained staff from EPA in the review of MDB project documents. Currently, there are two staffers at the Treasury Department who are attempting to evaluate MDB projects and policies for environmental and socio-cultural impacts. They receive some assistance from U.S.A.I.D. through the reports of the "early warning system" through which AID missions attempt to identify MDB projects at an early stage that may have serious environmental implications. In many instances, however, the Treasury Department staffers are already overwhelmed by both the quantity of potential projects they must deal with and a lack of technical environmental expertise in some areas to evaluate projects. The active involvement and coordination of EPA staff, when needed, would be the single most important step that could now be taken to enhance the environmental review capacity of the U.S. in MDB loan decisions.

IV. Conclusion

We wish to thank this Subcommittee, and particularly the Chairman and the Ranking Minority Member for the concern and vigilance with which it has promoted environmental reform in the MDBs over the past several years. Thanks to the tenacity of the Subcommittee, an environmental reform process has been set in motion which we believe is irreversible and which will not only benefit hundreds of millions of poor in the developing world, but also ensure that U.S. taxpayer contributions to, and support for the MDBs is used in the most effective and productive way possible.

But over the past year progress has been unacceptably slow. To carry out the environmental reforms set forth in the Subcommittee's legislation over the past three years will require continued vigilance and pressure. In particular, we urge the Subcommittee to request the Treasury Department to launch specific inquiries in the World Bank on the projects and issues outlined in this statement's discussion of Bank projeccs in Brazil and India.

PART 2: PROGRESS REPORT ON MDB PROJECTS IN BRAZIL AND INDIA

I. World Bank Projects in Brazil

A. The Carajas Iron Ore Project

One of the most alarming examples of the contribution of Bank-financed infrastructure projects to environmental devastation and the destruction of indigenous societies is the Carajas Iron Ore Project. Recent developments in this project illustrate the Bank's failure to address the real environmental effects of its projects as well as the institutional incapacity of certain of its executing agencies.

In this project Bank-financed infrastructure in the project area is being used for charcoal-fired industrial projects that will devastate an area of pristine and irreplaceable tropical forest about the size of the state of Wisconsin--a flagrant violation of the Bank's loan agreement. The projects, mostly pig-iron smelters, are licensed by a special Interministerial Council and operated by private companies. These projects, mostly pig iron smelters, would not exist without massive tax incentives. Using native tropical forest, treated as having zero value, as the fuel and carbon source, the industry would exhaust the wood supply and consequently its own economic basis, in twenty years or less.

The Carajas Iron Ore Project, a $304.5 million iron mining, railroad, and deepwater port project, was approved by the Bank in 1982 It included provisions to protect the environment in the heavily forested project area, as well as a Special Project to assist the more than 10,000 Indians in 23 groups that live in the area of influence of the mine and the iron ore railroad. Section 3.10 of the Loan Agreement states that "the Borrower shall take all action, as shall be required to ensure that the execution and operation of the Project are carried out with due regard to ecological and environmental factors...". The borrower is Companhia Vale do Rio Doce (CVRD), a public company owned and managed by the Brazilian government. The borrower has in fact carried out environmental research and reclamation of degraded lands in the immediate vicinity of the mine. But the company has also collaborated in the implementation of the pig iron projects, over the objections of its own environmental superintendent.

In an internal company assessment of the situation, CVRD's environmental superintendent described concisely the environmental effects of the charcoal-fired pig iron projects: "the economic viability of a charcoal-based iron industry in the Carajas Railroad area is dependent on the devastation of the native forests." The first 11 projects alone will require 1.1 million tons of charcoal a year, and this will come from virgin tropical forest. There are now 22 industrial projects using charcoal as fuel approved, and two pig iron projects are in operation. Many of the indigenous reserves in the project area, with which the Bank has been concerned in the Special Project, have large reserves of standing forest and are already partially occupied by desperately poor peasants. The immediate effect of these smelters will be the destruction or radical degradation of the Indian lands, as well as other remaining forest reserves, as an army of small scale charcoal producers desperate for income razes the forest.

The Bank, in fact, required a Special Project to guarantee indigenous land rights, and to provide health and other assistance to the 23 indigenous communities in the project area. While many of the areas have some form of legal protection, the full process of legally demarcating the areas is complete in only 12 of the Indian areas. This means that half of the Indian areas affected by the project still do not have legal documentation equivalent to private property. This minimal legal step should have been a precondition of the loan, since it is a necessary but entirely insufficient condition to protect Indian land rights and the well being of the communities. Delays of this type are purely a matter of political will: the Special Project allocated $13.6 million for land demarcation, health assistance, and other actions. The Bank's own consultants in fact point out that very little of this money has been spent on land demarcation (not more than 15%), and that much of the expenditure has been on infrastructure of questionable utility for the National Indian Foundation.

CVRD, the borrower, has a monopoly on the iron ore in the region, and also owns the railroad these projects will use. The company is in flagrant violation of its contract with the Bank in its cooperation with these pig iron projects. The company can refuse to be involved with these projects, as is apparent in the environmental superintendent's report, since this is just the course of action he recommends. The effect of these projects, if they are allowed to go forward, will be to utterly undermine all the Bank's efforts at environmental protection and protection of the indigenous populations in its project area.

In August of 1987, EDF and 29 environmental and indigenous rights organizations from around the world, including 10 Brazilian organizations, sent a letter detailing these concerns to the World president Barber Conable. The Bank response expressed concern for the problems, but suggested that the Bank had no responsibility or influence over the pig iron projects, since these are licensed through the Greater Carajas Program, which the Bank has not financed. This misrepresents the Bank's role in the regional development process. The Carajas Iron Ore Project constructed the basic infrastructure--the mine, the iron ore railroad, and the deep water port--for the process of devastation that has followed. While the bank's direct contribution was only $304.6 million, the project cost more than $4 billion, and the Bank required as a loan condition, and helped to negotiate, cofinancing from other international and national agencies and private banks for the remaining funds. The Greater Carajas Project, and the process of environmental destruction it has unleashed, rests squarely on the base built by the World Bank--the Carajas Iron Ore Project. The present disastrous situation would not exist without the World Bank's participation. Since the Bank has already disbursed its funds for the Carajas project, it must find other mechanisms--other loans, its ongoing policy dialogue--with which to ensure that the unfulfilled conditions of the Carajas Iron Ore Project are met.

B. Polonoroeste

One point that emerges very clearly from the Bank's experience in the Carajas project, and elsewhere, is that the attempts to strengthen the National Indian Foundation, (FUNAI) the agency responsible for protecting the rights and welfare of Brazil's Indians, have not succeeded. It is therefore disturbing that proposed Bank loans, such as the second Power Sector loan, which would have massive effects on indigenous populations, do not address this problem directly. The situation in the Bank's notorious Polonoroeste project illustrates this point.

Under present conditions there is not the slightest possibility of FUNAI effectively protecting the interests of indigenous populations affected by development projects or carrying out measures to mitigate the impacts of such projects. The World Bank called for the institutional strengthening of FUNAI at the outset of its now notorious Polonoroeste program, in 1981, and has invested considerable effort in seeing that the terms of its loan agreement relating to indigenous land protection were carried out, with very limited success. Eight of 45 recognized Indian areas in the Polonoroeste area of influence have been fully documented as legally protected Indian areas. (CEDI, Aconteceu Especial 17: Povos Indigenas no Brasil 85/86) Such legal documentation is a minimal precondition to actual protection of Indian areas, not in itself a sufficient step to defend these lands from predatory exploitation and resource destruction. A 1987 World Bank report on the indigenous people's situation in Polonoroeste, leaked to the press, summed up current conditions: "The security and health of the Indians in the area of influence of Polonoroeste are seriously threatened, since the agency responsible for defending their interests seems unequipped to deal with the indigenous reality." (_Journal_ _do_ _Brasil_ _07/23/87_). The report noted the presence of illegal loggers on five indigenous reserves, as well as an illegal gold mine on one. "The administrators of the indigenous areas, the agents responsible for FUNAI posts, and at times the Indians themselves make agreements contrary to existing regulations, permitting the extraction of wood, gold, and the construction of roads and other activities damaging to the well-being of the Indians." (Ibid.) The report goes on to criticize the administrative disorganization of FUNAI, with particular emphasis on the "total lack of control or efficiency in the health services in the indigenous areas," citing "constant epidemics of tuberculosis, measles, and malaria, without due medical attention, which is the exclusive responsibility of FUNAI."

This scandalous situation lamentably represents not a local irregularity, but the administrative character of the agency on the national level. The Federal Accounting Tribunal, a federal auditing agency roughly equivalent to the General Accounting Office, on November 11, 1987, instituted a formal investigation of contracts signed by the president of FUNAI with logging firms for logging on Indian lands. A previous investigation of misappropriation of funds was already underway. The head of the Tribunal, Minister Adhemar Ghisi, stated that FUNAI's behavior, "with respect to budget and finance questions is uncontrollable and contrary to the simplest principles of self-control and respect for the law." (_Jornal_ _do_ _Brasil_ _11/12/87_). In addition to the Tribunal's investigations, criminal investigation of charges of extortion were initiated by the Attorney General. The President of FUNAI publicly admits that he has signed contracts for logging on Indian lands, claiming that the agency is attempting to control a situation that exists in fact and ensure that the Indians get a fair price for the timber. However, the contracts are signed without public bidding, often in exchange for the construction of roads, houses, airstrips, and other works that are the responsibility of the agency to provide, where necessary (_J_ _do_ _B_ _11/05/87_), and signed without consulting the Forestry Institute (IBDF) in order that a resource management plan for logging be approved, as required by law. In one case, FUNAI signed a contract with a logging firm that had been fined by IBDF for illegally operating in a joint Indian reserve and National Park, in effect giving back timber that IBDF had confiscated (J. do B 11/14/87). The value of the wood being removed often vastly exceeds the cost of the works given in exchange (_J_ _do_ _B_ _11/20/87_). This may be explained by under the table payments extracted by FUNAI in exchange for the nominal legalization of illegal logging operations. This is in fact the charge in the extortion case now pending.

In light of such monumental irregularities, and the Bank's own assessment of FUNAI's record and capabilities in the Polonoroeste area, as well as the Bank's failure to secure compliance with the conditions of the Carajas Iron Ore Project, it would seem ill advised at best for the Bank to rely on efficient action on the part of this agency without substantial institutional changes. Nonetheless, this is just what the Bank appears to intend with its second Power Sector Loan.

C. Lending to the Power Sector

In July 1986, the World Bank approved a $500 million sector loan for the Brazilian electrical energy sector. It required, among other measures, the preparation of an Environmental Master Plan, including steps to strengthen the environmental capacity of the state power company, Eletrobras, and its regional concessionaries, as a condition of the loan. New environmental positions were created and filled in the power companies as a result of the loan conditions, but many key issues remain unresolved. The Bank loan did not finance specific projects, since it was a sector loan, disbursed against foreign currency expenditures. Nonetheless, directly or indirectly, the loan was made to allow the energy sector to execute its planned and ongoing operations. These include a number of environmentally and socially disastrous projects, such as the notorious Balbina dam, the Kararao dam, the Machadinho and Ita dams, and others. In part because of non-compliance with environmental conditions of the first loan, negotiations have been suspended for a second energy sector loan, originally scheduled for submission to the Bank's Board of Directors for approval in June of 1987. The second power sector loan, for an additional $500 million, would support the power sector's 2010 Plan, under which 200 new hydroelectric projects, 20 large coal fired plants, and dozens of oil-fueled plants, are projected. Many of these would be in the Amazon. Some 9 million square kilometers would be flooded, and some 500,000 people would be forcibly displaced. No study detailing the effects of these projects on vulnerable indigenous populations has yet been carried out, but experts estimate that perhaps 60% would effect Indian groups. Many ongoing projects have yet to comply with Brazilian environmental impact statement legislation, which requires the approval of impact assessments and licensing by state environmental agencies. In light of the monumental effects these projects may have on the environment, as well as on indigenous populations, it is urgent that the Bank insist that willingness and ability to deal with these issues be demonstrated by the relevant agencies before it approves any further support for the sector.

In light of the Bank's experience in the Carajas and Polonoroeste projects, as well as in the first power sector loan, it is urgent that the Bank insist that the environmental and social conditions of these loans be fully honored before any further financing for the power sector is considered. For the Bank to continue to approve mega-loans on the strength of good intentions and claims that problems will be resolved in the future, with the glaring example of the actions of FUNAI and the agencies charged with implementing the environmental conditions of previous Bank loans, would run directly counter to the Bank's stated intention to improve the environmental quality of its operations.

II. World Bank Projects in India

A. Singrauli

Singrauli is a massive coal mining and energy development program for which so far the Bank has lent $850 million in four separate loans for construction of the Singrauli super thermal coal fired electric generating plant, for the adjacent Dudhichua coal mine, and for electric transmission lines. The project area lies on the border of Madhya Pradesh and Uttar Pradesh states, about 80 miles south of Varanasi (Benares). The Bank financed power plant and coal mine are part of a much larger energy development program in the region, which is to become India's energy capital. So far eleven open pit coal mines have been developed, along with four other super coal fired electric generating plants besides the one financed by the Bank. Numerous foreign donors have participated in financing development in Singrauli, but the Bank, as is not unusual in India, is the largest and lead donor.

The problem with Singrauli is very simple, and horrifying to see in person: 200,000 to 300,000 of the rural poor in the area have been subject to forced relocation twice, three times, in some cases four or five times in 25 years, each time with little or no compensation. Mostly tribals at the fringes of Indian society, their livelihood was the land, which has now been totally destroyed and resembles scenes out of the lower circles of Dante's infernal. Enormous amounts of dust and air and water pollution of every conceivable sort have created tremendous public health problems. Tuberculosis is rampant, potable water supplies have been destroyed, and chloroquine resistant malaria afflicts the area.

Their agricultural subsistence destroyed, over 70,000 of the people in the area are employed as contract laborers in the coal mines, construction sites and power plants in the area. Many live in unspeakable hovels and shacks on the edges of the huge infrastructure projects in the area, including the Bank financed power plant and coal mine. Some are living in makeshift hovels inside the open pit coal mines.

Up to now, World Bank financing of Singrauli has played a significant role in contributing to this nightmarish scenario; the forced relocation caused by the Bank financed power plant and coal mine, as well as the appalling human environmental and public health conditions to which these and other oustees are subjected to have been completely ignored by the Bank in its planning and implementation of these projects. The Bank financed projects have forcibly displaced about 23,000 people; thousands of contract laborers are toiling in construction activities associated with the Bank financed projects, again under the most appalling health and labor conditions.

They are truly "development refugees."

Last year Mr. Chairman, the Environmental Defense Fund prepared extensive dossiers on the problems in the Bank financed Singrauli projects, and 48 groups from around the World--including 22 leading Indian environmental and social organizations--called upon the Bank to remedy a decade of negligence in its dealings with the 23,000 people directly displaced by its Singrauli projects. Specifically, the groups pleaded with the Bank to undertake an emergency rehabilitation plan for the displaced people, as well as an emergency environmental protection plan to address coal ash and dust pollution, deforestation and soil erosion caused by the Bank financed power plant and coal mine. They underscored the urgent need of the Bank to initiate immediately contacts and discussions with local community and social action organizations in the area representing the displaced people.

Instead the Bank finally sent a mission last February to the area which somehow managed to avoid seeing any representatives of the Singrauli oustees, in spite of the fact that only several weeks before 15,000 of the displaced people staged a massive protest in Singrauli, protesting the conditions to which the Bank financed and other projects had reduced them.

After a delay of four months in answering the letter and dossier submitted by leading U.S. and Indian environmental groups and individuals (including a former Indian minister of the environment and the chairman of India's national Committee for Environmental Appraisal of Thermal Power Plants), the Bank sent a response which can only be described as a cover-up and an insult to the suffering of the displaced people in Singrauli. While admitting that at least 14,000 people had been forcibly displaced by the Singrauli power plant and Dudhichua Coal mine, the Bank refused to consider any new measures to address the appalling problems in the area.

Let quote two sentences near the close of the Bank's letter to 48 groups from 11 countries around the world: "The idea of a longer term plan for the region to address social and environmental problems, and which external donors could perhaps support, is intriguing. Have you discussed this with the appropriate Government authorities?" But we, Mr. Chairman, did not lend $850 million over the past ten years to help create the nightmarish problems that must be addressed. And of course, not only have representatives of the Indian groups that signed the letter tried to discuss these matters with Government authorities, they have staged massive protests involving thousands of people on site. One of the main obstacles to the redress of their grievances has been the complicity and negligence of the Bank's India operations staff in refusing to undertake the most elemental measures to even inform themselves of the facts in Singrauli.

Rather than take any actions to remedy the situation, or contact any of the representatives of the local people who have suffered so intensely from its negligence, the Bank is going ahead with an environmental assessment--eleven years after it began its $850 million investment in the area--whose terms of reference are deficient and which will be conducted by the state electric utility of France, Electricite de France. The dossiers and letter submitted by U.S. and Indian citizen's explicitly protested the inadequacy of the terms of reference of this assessment, and protested as scandalous the lack of a major role for Indian community and environmental groups that have been working in the area and with the local population for years. The Bank's response was to change nothing in the terms of reference, and, having failed to contact a single individual or organization concerned with the fate of the 23,000 oustees and the environment in the area, claim in its response that a provision to include paid consultants from Indian firms could be interpreted as providing for community participation and involvement.

In short, the Bank's record in handling the problems at Singrauli is a shocking indictment of either bad faith or total incompetence in addressing the most basic environmental and human rights concerns.

Worse, the Bank is currently financing at least 11 other giant, coal fired thermal generating plants in India, and our contacts in Indian environmental groups inform us that there are similar problems in most of these projects. The World Bank appears to be totally oblivious to what is occurring. Particularly in the area of forced resettlement associated with thermal power plants, the Bank's India staff appear to be designing and implementing projects with no regard to the tens of thousands of rural poor these projects are displacing.

B. Sardar Sarovar Dam--Narmada Valley

Mr. Chairman, last year Steve Schwartzman, EDF Anthropologist, testified before this committee about a World Bank financed project in India which is of grave concern to environmental and human rights organizations all over the world--the Sardar Sarovar Dam on the Narmada River. EDF would like to give an update on the situation at Sardar Sarovar as well as touch upon Narmada Sagar, the next major dam on the Narmada, which is now at the pre-appraisal stage.

These two dams, which together will forcibly displace 150,000 people, are part of a massive scheme which will involve the construction of 30 major dams, 135 medium size dams, and over 3000 small dams over the next 40 to 50 years to provide irrigation and hydro-electric power to an area covering parts of four states (Gujarat, Maharashtra, Madhya Pradesh and Rajastan) in Western India. The entire scheme will forcibly displace more than 1.5 million people, mostly of tribal and minority origin, constituting 5% of India's entire tribal population.

The events surrounding the construction of the Sardar Sarovar Dam have already caused enormous controversy in India, and a growing number of environmental and indigenous peoples NGOs are flatly opposed to the dam's construction. NGOs familiar with the project believe that the incomplete environmental impact assessment, the inadequate cost benefit analysis and the chaos surrounding the resettlement and rehabilitation of the 80,000 people to be displaced are setting the stage for devastating environmental and social impacts in the Narmada Valley.

In 1985, the World Bank approved $450 million in loans for Sardar Sarovar in spite of the fact that India's Department of Environment and Forests had not granted an environmental clearance because crucial studies on the dam had not been completed. These crucial studies--which have yet to be completed even today--include plans for the treatment and management of the catchment area, development of the command area, compensatory afforestation, a study of the flora and fauna, and of the public health impacts of the dam. Last June, under great political pressure the Government of India granted the environmental clearance for Sardar Sarovar (and Narmada Sagar); the clearance even stated that the studies will not be completed until 1989. The Bank has done nothing to promote timely completion of the studies. The Bank's own environmental assessment in its appraisal of Sardar Sarovar failed to take into account the substantial ecological stress that the movement of displaced people into areas already suffering from deforestation, sheet erosion, and other environmental degradation would cause.

The Sardar Sarovar dam will flood a total of 289 villages--234 in Madhya Pradesh, 36 in Maharahstra and 19 in Gujarat. Over the last few years, resettlement and rehabilitation plans for the people to be displaced have been handled with such negligence and disorganisation by the Bank and the three state governments involved (Gujarat, Maharashtra, and Madhya Pradesh) that NGOS in India now wonder whether resettlement can ever be properly executed. A combination of factors--lack of availability of land, lack of a common policy for all three states, little or no involvement of local oustee communities in the resettlement plans, and several violations of the World Bank/Government of India loan agreement--have lead to recent mass demonstrations of thousands of oustees at the dam site. Additionally, a petition has been filed on behalf of the oustees in the Supreme Court of India for an injunction to halt construction of the dam.

Since EDF testified last year, there have been several new developments concerning land availability and land grants. Resettlement and rehabilitation of the oustees is governed by the World Bank/Government of India Loan Agreement and the Narmada Water Disputes Tribunal Award. However, many of the principles and conditions of these two documents are very general, and consequently each state involved has developed its own policy on resettlement, a situation that has resulted in inequitable treatment of oustees. An example of this is the treatment of oustees who have been cultivating land without legal title (encroacher oustees). After considerable public pressure, Gujarat state announced in a December 1987 resolution that encroacher oustees who have been cultivating government or Forest Department land are now entitled to two hectares of land as well as payments to compensate for the difference between the land they now cultivate and the new land. The other two states affected by Sardar Sarovar--Maharashtra and Madhya Pradesh--have yet to even announce satisfactory resolutions regarding encroacher oustees or landless oustees. This is no small matter, since the majority of the oustees--60,000--reside in those two states.

Since a 1985 resolution by the Gujarat Government, it has been understood among NGOs in Gujarat that each oustee 18 years or older with legal title to their land was entitled to a minimum of two hectares of new land when he or she would be resettled. Unfortunately, just a few weeks ago, state officials in Gujarat announced that the offer of two hectares of land applied only to each landholding rather than to each oustee 18 years or older in a family. This is totally unsatisfactory because there are several families attached to each landholding. This statement represents a serious setback in NGO-Gujarat State negotiations, and NGOs are now doubtful that the more progressive resolutions of December 1987 will ever be implemented. This recent setback is also a violation of the World Bank loan agreement which states that each oustee with legal title shall be entitled to at least two hectares of land.

NGOs working in the region have also questioned whether enough land is actually available for resettlement. According to NGOs in Gujarat, the governments claim of availability of land has proved to be "illusionary", because recent NGO inspections in the Vadodara and Bharuch districts revealed that initial data on available land was incorrect. In Maharashtra, even the government has reached the conclusion that no land for resettlement is available except for denuded forest land, which the Forest Department has not agreed to release. The fact that the land has not been released is another violation of the World Bank loan agreement. In Madhya Pradesh, not only does land for the oustees remain to be identified, but the initial step of determining the number of oustees has not even occurred. This is particularly disturbing, since the majority of oustees are in Madhya Pradesh. Recently, Mr. S.C. Verma, the head of the Narmada Valley Development Authority in Madhya Pradesh resigned, publicly stating that he doubted that the government would ever be able to properly resettle and rehabilitate the oustees. It is troubling that Madhya Pradesh, the one state which has lagged far behind in resettlement and rehabilitation plans for oustees at Sardar Sarovar, has now come up with a 'model plan' for resettlement and rehabilitation of the oustees of Narmada Sagar, the next major dam, and is pushing for Bank approval of the dam this year.

The resettlement and rehabilitation problems at Sardar Sarovar are compounded by the fact that government officials do not involve or consult local communities in the preparation of plans for their displacement. This is a breach of the general principles in the World Bank loan agreement. One NGO, the Multiple Action Research Group, has documented the extent of this problem with a series of reports based on visits to 55 villages in Madhya Pradesh over the last few years. Deprived of even the most basic information on their impending displacement, 4,000 oustees from all three states resorted to protesting at the dam site last January 30th. It was only after this public protest that the Narmada Control Authority agreed to meet with NGOs to discuss 38 demands concerning their resettlement that they had submitted in November 1987. I would like to submit the demands for the record in Appendix 2 because I think they clearly illustrate the lack of consultation of local communities and the lack of information the oustees have about their own resettlement.

Some World Bank staff must be given credit for making efforts to meet with NGOs representing the oustees while they were in the Narmada Valley on mission last year. But NGOs receive very little follow up to those meetings and often wonder whether their complaints are even taken seriously. As one NGO representative stated in a recent letter to four World Bank Executive Directors "The World Bank missions keep visiting India...we keep meeting them whenever possible to give them feedback on the latest field situation. We can never know, however, what is finally concluded and reported by them to the Bank and to all of you...there is never a formal two-way communication that would make a difference."

Additionally, independent monitoring and evaluation units on resettlement and rehabilitation which were supposed to be set up for all three states as a condition of the loan agreement have not been fully operating. Only the monitoring unit for Gujarat has been fully established and has put out a draft report. Moreover, NGOs have expressed concern that this monitoring unit is not totally free in making out their reports, because a draft report must be sent to the Government of Gujarat for approval and modification before it is sent to the Bank.

The oustees in the villages that have been resettled to date--eight from Gujarat and one from Maharashtra--face serious rehabilitation problems such as water shortages, fuelwood shortages, and inadequate land for cattle and farming. NGOs working with oustees have reported that some Maharashtra oustees who have been resettled in Gujarat have resorted to returning to their old land to collect fuelwood and fodder. Other oustees have received land which was encumbered with debts; still others have been resettled more than once due to re-aquisition of their allotted land for a canal stemming from Sardar Sarovar. A few of the villages have disintegrated completely because they were not resettled as a unit.

Indian NGOs are particularly distressed that in spite of the chaotic situation at Sardar Sarovar, the World Bank has already sent a pre-appraisal mission to the next major dam site--Narmada Sagar--and may even approve loans totalling $350 million for the dam later on this year.

Many Indian NGOs, as well as several well known Indian scientists and engineers, believe that the original cost benefit analysis of Sardar Sarovar either underestimated or totally excluded some of the most serious costs of the project--such as the cost public health measures, the cost of preventing water logging and salinity and the environmental loss of forest submergence.

For example, the Department of Forests and Environment calculated in 1987 the costs of the forests to be submerged by Sardar Sarovar and Narmada Sagar at billions of dollars. This cost was not included in the original cost benefit analysis. Other NGOs have sited exaggerated benefits of the dam such as the projected crop yields for rice, wheat, cotton, tobacco in the command area of Sardar Sarovar are much higher than those achieved anywhere else in India. Moreover, since 1984 there has been a massive escalation of project costs--from $2 billion in 1984 to $8 billion in 1987-- which renders the original cost benefit analysis obsolete.

Mr. Chairman, the organizations I represent here today believe that the World Bank's continued involvement in the construction of this dam and the forced resettlement of 80,000 people can only be justified by a complete re-appraisal of the project, including a new cost/benefit analysis. We also strongly support the growing conviction among Indian environmental and social organizations that all World Bank disbursements on Sardar Sarovar should be halted until the state governments--in collaboration with local NGOs--ensure a comprehensive resettlement and rehabilitation process which is in compliance with the World Bank loan agreement and the Narmada Water Disputes Tribunal Award. We also believe that the World Bank, in collaboration with the Indian Government, should actively research and develop less risky development schemes for the Narmada Valley such as smaller scale dams and energy efficiency improvements.

C. Bodhghat Hydroelectric Project

Another World Bank project in India which is plagued by growing controversy is the Bodhghat hydroelectric project located on the Indravati River in the State of Madhya Pradesh. The Bodhghat is the first in a series of dams planned on the Indravati River in the Bastar District, a remote forested region inhabited by thousands of tribal people who have lived in the area for generations. The Bodhghat will flood 13,000 hectares of lush, dense forest and forcibly displace 10,000 tribal people in order to generate a mere 107 MW of electric power for the industrial northern part of the state.

In 1984, the World Bank approved loans totalling $300.4 million, before the project had been given an environmental clearance by the Government of India. Important procedures for evaluating the social and environmental impacts of the project were not followed. Even today--the environmental clearance for Bodhghat has not been given by the Indian Government. The Bastar region is one of the last remaining patches of rainforest in India. The area is rich with wildlife and three major Indian environmental organizations--The Bastar Society for the Conservation of Nature, the World Wildlife Fund-India, and the Bombay Natural History Museum have all opposed the dam which would destroy rainforest that is habitat for tiger, leopard, deer, antelope and wild boar. Additionally, a field study conducted by World Wildlife Fund-India has shown that compensatory afforestation efforts by the state government are inadequate. Other environmental organizations have discovered that areas which were originally identified for afforestation are not actually available.

Indigenous peoples' organizations both inside and outside of India have sought to emphasize the vulnerability of the 10,000 tribals whose displacement will inevitably lead to their social and cultural destruction. The tribals belong to the Halba, Muria, Maria, Dorla, Pargali, Bhatia and Kuruk groups who have lived in this lush valley for thousands of years in close harmony with their surrounding environment. Living largely outside of the market economy--these self-sufficient groups depend on the forest for their fuelwood, fodder, medicine, fruits, tubers, and housing materials.

The Madhya Pradesh State Government has proposed to pay minimal cash compensation to those tribals with legal title to their land (which is a very small percentage of the tribals) and resettle them far from their indigenous areas. NGOs working with the tribals have rejected cash compensation as totally inadequate. Although the state government has promised to resettle villages as units, the four villages which have already been resettled have been scattered, seriously disrupting their continuity.

Land availability is also a problem at Bodhghat. NGOs working in the region have inspected land which the state government has listed as available for resettlement and have found that it is Forest Department land or Revenue Department land which neither department has agreed to release. Comprehensive resettlement plans have not been prepared, nor has the total number of oustees been identified. Additionally, some land which was shown to oustees has been rejected because it was infertile. Most tribals in the Bastar region are adamantly opposed to the project and are now refusing to leave their homes; some tribal leaders have publicly demanded that the project be cancelled.

NGO concerns about Bodhghat were recently conveyed in a letter to Prime Minister Rajiv Gandhi signed by several major Indian and international environmental and indigenous people's organizations, including the Environmental Defense Fund. The letter calls on the Prime Minister to deny the environmental clearance for the project. Mr. Chairman, we believe the World Bank should not be disbursing funds for a project which has not even been given an environmental clearance by the borrowing government The groups I represent also believe that the Bank should send a mission to Bodhghat to re-assess its involvement in the project, and to further investigate potential environmental and social impacts of the project.

D. World Bank lending for Social Forestry in India

Last year, EDF also submitted testimony on a World Bank financed social forestry project in Karnataka. We continue to have concerns about this project and about another World Bank forestry project in the State of Gujarat, whose problems, we believe, are indicative of other Bank social forestry projects in India and around the World. We think there is a special need for scrutiny of these projects, because the World Bank announced last year that it will double its annual level of forestry lending.

NGOs in India have bitterly protested the social forestry project in Karnataka which has involved the widespread cultivation of eucalyptus, a socially inappropriate and environmentally unsound species. The extensive cultivation of eucalyptus in Karnataka has severely undermined the Bank's stated objectives of providing fuel, fodder, fruit and minor forest products to the rural poor and landless. Moreover, the Bank has facilitated the conversion of valuable agricultural land into tree crop plantations for industrial uses, and the conversion of common land which the poor and landless depend on for their fuel and fodder into tree crop plantations. The adverse environmental effects of eucalyptus in Karnataka have also been well documented by NGOs and scientists in India.

Last August, EDF collaborated with 18 Indian environmental organizations in submitting a letter and critique of social forestry in Karnataka to World Bank President Barber Conable. While the Bank agreed with some of our criticisms in its response, it did not express a commitment to making any major changes in the project. Since then, EDF has conducted its own field investigations in Karnataka and found that the project is basically unchanged. If this project is going to meet its objectives, we believe there must be substantial reforms to allow for more direct involvement of the rural poor and landless in the implementation of the project. We also believe that the Bank should initiate pilot projects where wastelands are leased to groups of the poor and tree tenure programs for the poor are established. These types of projects have already proven successful in other parts of India.

Another World Bank financed forestry project where EDF and DISHA, an Indian grassroots social organization, conducted a recent field investigation is in the State of Gujarat. This project also has the objective of ensuring that rural families become self-sufficient in fuelwood, fodder, and minor forest produce. NGOs in Gujarat have voiced concerns that the project has not only failed to meet its objectives, but has actually adversely affected the tribals of northeast Gujarat.

A EDF-DISHA field trip last March to northeast Gujarat discovered that tribals were not benefiting at all from village woodlots, or from any other plantations cultivated by the State Forestry Department, the implementing agency for the Bank's social forestry project. Village woodlots are the main components in the project that are supposed to benefit the poor and landless. But profits or fuelwood from the woodlots rarely filter down to the poor. The woodlots are controlled by the village panchayats (councils), which are dominated by the richer farmers and property owners. The result is that the Tribals not only have no access to village woodlots, but are also fined if they are caught collecting wood or if their cattle are found grazing in the woodlots.

NGOs working among the tribals of Gujarat have also found that often villagers who have been cultivating wasteland or village common land no longer have access to the land once it is taken by the Forest Department for eucalyptus plantations.

The tribals in northeast Gujarat depend on the collection of minor forest produce on Forest Department land, wastelands and village common lands as one of their main sources of income. According to DISHA surveys, the forestry sector generates nearly 22 million man-days of employment opportunities for tribals and landless laborers, and around 100,000 families are engaged in collection of minor forest produce in northeast Gujarat. Increasingly, the promotion of eucalyptus in all these areas has made the land less accessable for forest produce collection and consequently has reduced the income of tribals. DISHA has also discovered that tribal laborers in Forest Department/World Bank nurseries receive less than minimum wage for their work.

In light of the serious social and environmental impacts of these Bank forestry projects, the Bank needs to re-evaluate and address the problems in existing projects, before it embarks on increased forestry lending. Above all the Bank needs to ensure that local communities are involved in all aspects of social forestry project planning and implementation.

III. IDB Porto Velho-Rio Branco Road Improvement Project

The Porto Velho-Rio Branco Road Improvement project in the Brazilian Amazon has been a key test of the IDB's willingness and ability to address negative environmental and social effects in the Bank's operations since the project was approved in 1985. Originally approved for $58.5 million, the project was intended to improve and pave the BR-364 road from Porto Velho, Rondonia to Rio Branco, Acre, as well as to carry out demarcation of Indian lands, land use studies, and the creation of natural protected areas in the project area, so as to avoid massive deforestation, uncontrolled migration, and invasion of the land of the vulnerable indigenous populations. In the last year, the IDB has taken decisive action to bring the project into compliance with the environmental protection clauses of the loan agreement, and has indeed taken unprecedented steps to ensure the participation of the communities most directly affected by the loan in the execution of the project. This will not only improve the project's quality, but clearly demonstrates that the multilateral banks can involve citizens' organizations representing or working with populations affected by loans in loan negotiations.

In December of 1987 the IDB formally halted disbursements of the loan, for failure to implement the Indian land and environmental protection conditions of the loan agreement. This occurred after considerable attention to these issues from the Foreign Operations Subcommittee of the Senate Appropriations Committee. This was an important signal that the IDB took seriously the environmental and social conditions of its loan. The government responded with a proposal calling for the creation of 32 Indian reserves, as well as other protected areas. The IDB sent a mission to Brazil which held serious, precedent setting negotiations, that included representatives of affected indigenous communities, nongovernmental organizations working in the area, and all of the state and federal agencies concerned with the project. Since Indian land in border areas is regarded as a national security issue in Brazil, and has been a subject of intense controversy, these discussions were extremely delicate. Nonetheless, having diplomatically but clearly insisted that the affected communities participate in the decision making process, the IDB made possible an agreement among all the interested parties, whereby the Indian communities will participate in surveys of their land requirements, and will give their written consent to the legal form of reserve to be created for them. This process means that for the first time in any multilateral bank project, the communities most vulnerable to the negative effects of a project will have a real say in how the project proceeds, and in the measures intended to benefit them. The IDB is to be very highly commended for this step. With this action, the IDB has set a standard for active involvement of nongovernmental organizations in all multilateral bank operations.

REPORT LANGUAGE

Senator INOUYE. The committee report of the subcommittee, the Foreign Operations Subcommittee, will be the last one that I will be submitting to the U.S. Senate. And so I would like to leave the subcommittee with some strong language concerning the environment.

So if I may call upon those who have testified this afternoon, those concerning conservation and wildlife and the environment to assist my staff in drafting the strongest but appropriate language expressing my concern which mirrors yours on the way the MDB's have not concerned themselves with the environment of the world as it proceeds to make loans.

So I would like to not only have report language, but I want to do it with chapter and verse so that it will be a special section in the report on just the environment, conservation and wildlife. So if you could help us, we would appreciate it very much.

ENVIRONMENTAL POLICY INSTITUTE

STATEMENT OF JAMES N. BARNES, SENIOR ATTORNEY, ENVIRONMENTAL POLICY INSTITUTE

ACCOMPANIED BY DR. BRENT BLACKWELDER, VICE PRESIDENT, ENVIRONMENTAL POLICY INSTITUTE

SLOW PACE OF REFORMS

Senator INOUYE. Mr. Barnes, you have been waiting a long time. You have that eager look.

Mr. BARNES. Thank you, Mr. Chairman. I will be very brief, especially in view of the late hour.

I wanted to touch on a couple of points that I think other people have not made, and let me make a couple points in a different way.

I have traveled a lot in the last 2 or 3 years in my work for the Environmental Policy Institute and other groups, trying to meet senior government officials in both donor and borrowing nations to find out why these reforms are not going forward faster, because we have to recognize this as an international problem.

The United States has a lot of leverage and has used it in some respects very well. But in others I feel like there is more that could be done and that the committee might want to take a look at, and I spelled it out to some extent in my statement.

Basically what it comes down to is this. If the United States wants to see policy reforms effectuated in multilateral institutions, it has to work as a partner in a bilateral diplomatic sense with both donors and borrowers to achieve these objectives.

And what we see in many cases is that the United States, for example the Brazil power sector loan last year, will do its homework, it will do a great job, it will put together a fine statement, but it will not go and try to get other donors to work with it to stop that project or to modify it and so forth. And you see this kind of situation over and over again.

Turning to the borrower side, obviously ultimately we have to have a consensus of view about the rationale for these reforms, and that requires a lot of diplomatic work that I think has not been done.

So the committee might want to take a look at some of the mechanisms available. They are very traditional and normal diplomatic types of activities that our government engages in in many other contexts, and see how they might be more specifically implied here.

The question of leverage is very important, and I have stressed in my statement the use of the capital increase as a point of real leverage for our government, but again in concert, and I stress that, with other governments to consult and to figure out how this capital increase need on the part of the World Bank, for example, can be utilized to accomplish some things that otherwise might be easier for that organization to dismiss.

WORLD BANK OPERATIONS

A second area that I wanted to touch on briefly is the underpinnings for the decisions the World Bank makes. In my view the underpinnings are based on a model, a formula, a calculation, a rate of return that had its genesis in the McNamara era. That is a very mechanistic and technocratic approach to saying, this is good and this is bad.

What it basically means is, with the 10-percent rate of return required and a 10-percent discount rate which is the standard one used, it is impossible, virtually impossible for any really good project from an environmental perspective to be coming up looking good, because it is a long-term payout for those projects.

And conversely, the long-term costs of many of the projects that the World Bank finances, as we see from all of the case studies that Bruce and other people have put together, those costs which are frequently called externalities, are never quantified by the model.

And I think the committee might want to take a particular look at how these models could be rectified, how they could be changed, how they could be brought into line with modern thinking.

There are people, including a few people at the World Bank, who know how to do that. But they do not have the resources right now or the commitment of the institution to actually take that big step forward.

And I think a lot more needs to be done in that respect, because we can keep addressing projects, case by case, but if the underpinnings of the economic model used by these institutions is flawed, as I think many of us are fully convinced it is now, then we are going to keep seeing the pipeline produce bad decisions through time.

SUCCESS OF ENVIRONMENTAL PROJECTS

The third area I wanted to touch on briefly is the whole positive area, I would say, of achieving successful projects from the environmental perspective from the beginning. We are not talking about conventional projects, but you might call them pro-environmental projects. Well, what are they?

They include everything from alternative energy and transportation projects to restoration of degraded lands. And I can tell you from my own personal experience, I have seen a lot of degraded lands in Asia in the last few years, and other colleagues have been in Latin America and Africa.

What are we doing? What is the World Bank doing? What are other institutions doing to restore and make productive again these degraded lands? They are doing very little, in short. And again, this may be an area that could be focused on.

ASIAN DEVELOPMENT BANK

Finally, I wanted to just note for the committee's possible interest that our institute has set up an office in the Philippines to monitor the Asian Development Bank. That is the very new operation that was set up in February.

And what it is showing, just in the very first few months of operation, is that by having a real presence to be a watchdog at that institution, the Asian Development Bank, just like we have been trying to do in Washington, advances can come more quickly.

And we are engaged in a number of very interesting initiatives with the ADB and the Philippine government that I think we will present to the committee the next time one of these hearings comes up, which will be very exciting for the committee hear.

But they are positive projects. Building a forestry management capability, for example, for the Philippines, which they do not now have. Helping build the institutions to manage natural resources properly.

And this is another big are that has been ignored, in my view, by all the multilateral banks. We talk a lot about the need for sustainable development, but what are we actually doing to build up those infrastructures, those human systems of laws, policies, people, and enforcement and so forth to ensure that resources are properly managed.

I would suggest that the MDB's here again have a tremendous role to play if they chose to play it. And maybe we can instigate them. Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Barnes follows:]

ENVIRONMENTAL POLICY INSTITUTE

TESTIMONY OF JAMES N. BARNES, SENIOR ATTORNEY, AND DR. BRENT BLACKWELDER, VICE PRESIDENT OF THE ENVIRONMENTAL POLICY INSTITUTE

Introduction

Mr. Chairman, I appreciate the opportunity to submit this statment for the record and to appear before the Committee. I am Jim Barnes, Senior Attorney at the Environmental Policy Institute (EPI). EPI is one of this nation's leading environmental organizations, and has been working for a number of years with other organizations to reform the lending practices of the multilateral development banks (MDBs). These include the World Bank, Inter-American Development Bank, Asian Development Bank and African Development Bank.

I. CAPITAL INCREASE FOR THE WORLD BANK

The Environmental Policy Institute is opposed to a general capital increase for the World Bank unless and until it substantially carries out the reforms called for in U.S. legislation.

Although the Bank has made some progress in adding environmental staff, creating an Environment Department, and instituting policy changes regarding wildlands, pesticides, protection of indigenous peoples and other important areas, there is little evidence that the Bank's pattern of lending has changed in the directions called for by Congress. The true test of reform is what comes out of the Bank's lending pipeline.

For example, over 90% of the Bank's energy investments continue to be in large, conventional infrastructure projects, rather than on the most productive investment of all: end-use efficiency and conservation initiatives. The overwhelming percentage of investments in pesticides continues to be in the failed chemical products of the past rather than in biological pest controls and other alternatives.

A. Basic Questions

We urge the Appropriations Committee to ascertain what difference four years of directives from the U.S. Congress has really made in the types of energy, agricultural, forestry, rural development and fisheries projects funded by the World Bank and other multilateral development banks, before agreeing to a general capital increase. Any capital increase should be contingent on substantial implementation of the reforms mandated by Congress.

A basic set of questions that should be fully answered before generous appropriations are again made to the MDBs, including any capital increases are:

1. Is there regular monitoring of ongoing projects to ensure that loan conditions and general bank policies on environment, health and indigenous peoples are being complied with? If

yes, how does the monitoring system for enforcement of project/contract conditions work in practice, and what has happened as a result? Do the MDBs have the staff capabilities required to implement their policies on environmental protection, conservation, and indigenous peoples.

2. How much shift in lending toward environmentally beneficial projects has there been?

a. The Committee has asked for more emphasis on end-use energy efficiency, but are the MDBs lending substantially more in this area?

b. The Committee asked for greater emphasis on agroforestry, mixed farming, multiple cropping, and investments in alternatives to chemical pesticides. What progress have the MDBs made in these areas? Are loans for chemical pesticides going down?

c. The Committee has called attention to the serious destruction of wetlands. Have the MDBs done anything significant to safeguard wetlands?

3. What changes have been made by the MDBs to ensure that locally affected people and knowledgeable non-governmental organizations are involved in the process of choosing and evaluating proposed projects?

4. What changes have been made to ensure that ministers of health, environment and indigenous peoples are fully involved in MDB work, including country economic planning, sector analysis, and project identification and appraisal?

B. Establishment of an Environmental Assessment Procedure

The Senate Environment and Public Works Committee is considering legislation that would put additional pressure on the MDBs to institute formal environmental impact assessment procedures.

EPI submits that some sort of formalized environmental impact assessment process should be carried out by the MDBs, which includes consultation with those who will be affected by the project or program and with NGOs. This would be a significant step forward in achieving implementation of earlier Congressional initiatives regarding the environmental performance of the MDBs.

Congress could make the capital increase contingent on the creation of an EIA procedure.

II. THE STATUS OF ENVIRONMENTAL REFORMS AT THE MDBS

We suggest that Congress encourage the Administration to consider how the reform initiatives contained in U.S. legislation can be taken forward internationally in a coherent way. That will require determining

- o in what fora particular aspects of the reforms can best be raised (Development Committee, Annual Meetings, Special Meetings, discussions of sector reports, votes on specific loans or projects, regional meetings of foreign, environmental and finance ministers),
- o how the MDBs can be made more accountable for enforcing compliance with their policies and the conditions attached to specific loans,

- o how a consensus of donors and borrowers can be achieved as to the precise nature of the reforms in staffing, structure, policies and operations, leading to significant increases in the portion of the budget allocated to the areas outlined in the reform proposals, as well as practical implementation of substantive reforms (participation of local NGOs and full involvement of environmental and health officials, for example),
- o timetables for accomplishing specific goals.

Congress also should require the Treasury Department to circulate to the boards of regional MDBs and the IMF the discussion paper prepared for the World Bank's Development Committee last April ("Environment, Growth and Development") with a request that they study how its analysis can be applied in practice, with a request that these institutions report within a certain number of months. That paper lays the foundation for development of investment models and formulas that would truly reveal long term costs and benefits.

In this same context, Congress should require an analysis of the economic investment models used by the World Bank and other MDBs, to reveal how those models and rate-of-return formulas fail to take into account the long term costs of doing things wrong and the long term benefits of doing things right. The typical formula used by the World Bank requires a 10% internal rate of return, utilizing a 10% discount rate, based on a period of seven to ten years. This means that approximately 60% of the benefits that could be derived over the longer period of time have been discounted by the tenth year. By the thirtieth year more than 90% of the benefit stream has been discounted, which makes it impossible for environmentally sound projects and approaches to development to be fairly compared to projects what provide immediate income. The basic formula also ignores all longer term environmental and health costs, the famous externalities.

This phenomenon can be seen best by examining particular projects. For example, in the Carajas region of Brazil, approximately thirty pig-iron plants are planned to produce cheap iron ore for Europe. The proposed fuel is tropical forests converted into charcoal. The rate of return is favorable because not only are the trees to be cut down not valued at even $1, their future value is discounted. Some World Bank employees have said privately that if the trees were valued at just $1, the model would no longer yield a favorable rate of return.

III. ENERGY LENDING BY THE MDBS

The energy sector is particularly important in foreign assistance. First, for some MDBs it is the largest single lending sector and it has some of the most significant environmental implications. Second, energy lending to date has not kept pace with recent technological innovations. As a result, the kinds of energy projects being financed by the multilaterals are roughly five times more costly than alternatives advocated by EPI and other environmental groups, and drain scarce capital which developing countries do not have in surplus. Third, unless major changes are made in methods of energy supply and use, the world faces the grim consequences of more intense global warming. The MDBs should be a part of the solution, not part of the problem.

Fortunately, there are great opportunities for the multilateral development banks to leapfrog developing countries into efficient use; however, the banks are reluctant to lend for end-use energy efficiency. This reluctance is even more remarkable in view of the astonishing benefits from greater efficiency. For example, the United States is now saving $150 billion on its annual energy bill as a result of end-use energy conservation put in place since 1973.

Of particular concern in the energy sector is the pending second energy sector loan by the World Bank to Brazil. We are strongly opposed to any such general energy loan in view of the disaster of the first energy sector loan of $500 million in 1986. Only about one million--just one-fifth of one percent--of this went to energy conservation. Brazil is about to launch an incredibly destructive series of dams on the Xingu Basin which will destroy tropical forests and wipe out indigenous peoples.

Energy experts have shown that $4 billion spent by Brazil on efficient motors, gears, commercial lights, and street lights would save $19 billion in new hydro investment, but both Brazil and the World Bank refuse to give these socially and environmentally beneficial energy choices a high priority. Therefore, the only type of energy lending for Brazil should be for specific end-use efficiency projects. Any other energy money we believe will be spent on projects of great environmental destruction.

IV. TRANSPORTATION LENDING BY THE MDBS

Analysis of MDB lending to date has tended to neglect the transportation sector, but in this area major reforms are needed. Far too much emphasis is placed by the World Bank on lending for highways and automobiles. In 1985 the Bank's transport lending totalled $2.1 billion, with almost $1 billion going for highway projects. Half the Bank's lending from 1972 to 1985 for urban transportation went to road projects while urban rail systems received a meager 16 percent, buses got 11.6 percent and pedestrian facilities were given a mere 1 percent. Such a lending pattern makes a mockery of the Bank's 1986 Urban Transport policy study which asserted:

> "Bank support is intended to help developing countries find inexpensive ways of increasing transport capacity and improving transport flows with particular attention to the transportation needs of the urban poor."

Many of the disastrous mistakes made in U.S.transportation are being repeated around the world. Urgently needed investments in rail freight and passenger service are being neglected. And the tremendous energy benefits from efficient rail transportation are being lost as a result of this distorted transportation lending.

Bicycles have a vital role to play but are neglected as too trivial for the Bank's attention. Bicycles are not even mentioned in the Bank's Urban Transport study or in its transportation sector study of China. In China there are 400 million bicysles, roughly four for every ten people. In India there are 30 million bicycles, which compared to motor vehicles is 25 times as many per capita.

The World Bank's failure to address the non-motorized modes of transportation in developing nations is truly shocking given the fact that hundreds of millions of people are using them and will continue to use them. Bicycles have the capability of dramatically easing work loads in developing countries. They can greatly increase human productivity, especially in view of the large number of trips that are made a short distance with fairly small loads. Commercial or industrial tricycles are now capable of carrying 1000-pound loads.

One serious implication of the automobile-skewed lending patterns is that a disproportionate amount of hard currency has to be spent for taking care of the fuel and maintenance needs of cars. Ken Hughes and Michael Replogle of the Institute for Transportation and Development Policy report that in Haiti only five of every one thousand people own a car but that one-third of the nation's import budget is for fuel and transportation equipment.

This year we hope the Committee will provide special guidance to the U.S. Executive Director to reverse priorities in the World Bank's transportation lending.

V. SERIOUS CLIMATE TRENDS

Two very alarming changes are occurring in the earth's atmosphere. The first is a shrinking of the ozone shield which protects life on the planet from excessive ultraviolet radiation. The second is buildup of carbon dioxide that is leading to global warming, the so-called greenhouse effect.

The ozone layer is being damaged by chloroflourocarbons (CFCs) at a rate so rapid that leading scientists fear that a 5 to 20% depletion could occur by the year 2000. Such a depletion could prevent people from working outdoors for very long without special protection. The consequences for vegetation are unknown. Even with the recent Montreal Protocol, there would a doubling of the quantity of CFCs in the atmosphere in the next 15 years. These CFCs would remain active for a century in the stratosphere, eating away at the ozone layer.

The United States spends billions on attempts to prevent cancer and other biomedical research, but with the thinning of the ozone shield we are faced with a threat that could cause hundreds of thousands of cancer deaths. Research on the ozone problem probably does not exceed $100 million, surely an insufficient sum given the gravity of the problem. Less than $10 million is being spent annualy on biological diversity work, mostly by AID. Yet up to 40% of our prescription medicines contain ingredients from tropical forests, the repository of most biological diversity on the planet.

Here is an area where a crash program is truly essential. We ought to be spending hundreds of millions to study and protect the genetic heritage of the planet. We cannot get it back once it is gone, and according to leading scientists, we may lose one quarter of the diversity by the year 2000 without a concerted preservation effort.

A. UNEP Work

EPI urges that a special appropriation be made for UNEP to carry out a program of (a) publicizing the serious impacts of continued CFC use, (b) carrying out its joint scientific program with the World Meterological Organization, and (c) preparing policy recommendations for an international agreement to completely phase-out CFCs.

B. NOAA's Global Climate Work

NOAA has important working relationships with the Intergovernmental Oceanographic Commission (IOC). EPI supports an increase in the funding for the IOC from the $2 million provided by the House to $3 million, which is what NOAA has requested. This appropriation is part of the State Department's International Organizations and Programs Account and appears under the heading of International Conventions and Scientific Organization Contributions.

The increase for the IOC is essential to the international effort to address the questions of global climate change. Knowledge of the interaction between oceans and atmosphere is critical to understanding the greenhouse effect and the potential consequences of sea level rise. The IOC is the only international forum for government-to-government oceanography. The IOC provides the essential mechanism for coordinating international oceanic and scientific projects, global data collection and the exchange necessary for such activities. The increase in funds is needed for such important activities as carrying out research on sea level rise and profiling sea temperatures. Tidal gauges to measure sea level rise and relay the information to satellites are one key element of the program.

C. Role of the MDBs and AID

The greenhouse effect is caused primarily by the combustion of fossil fuels, but another important cause is the destruction of tropical forests. The Committee's directives to the MDBs and to AID in this regard are critical. The MDBs and AID could be playing a lead role in convincing the developing world to seriously pursue more efficient energy use. They could also be playing vital roles in rescuing tropical forests from elimination, but to date not nearly enough has been done. For this reason we urge that more strenuous directives be given, calling for a far more substantial budget of these agencies and institutions devoted to tropical forest protection and restoration.

In general, the entire array of federal initiatives dealing with tropical forest and climate issues must be given a higher priority and top funding. Indeed, the continued healthy climate of the planet is a prerequisite for almost any other objective we as a nation or a civilization might have. We have delayed for far too long.

A much more significant program effort on these fronts should be provided by AID, the Smithsonian, NASA, the National Academy of Sciences, the National Science Foundation, the US Botanic Garden, the Forest Service, the US Fish & Wildlife Service, the Environmental Protection Agency, NOAA and other agencies. We urge that all relevant Subcommittees on Appropriations consider the dire consequences of tropical deforestation and climate change and reorder their spending priorities. The House and Senate Appropriations Committees should be asking the big question about the adequacy of funding for our nation's effort to safeguard the very climate and atmosphere on which we depend for our survival and civilization.

VI. SPECIAL APPROPRIATIONS FOR ENVIRONMENTAL RESTORATION

To encourage special regenerative and restoration work as well as protection of unusually diverse ecosystems, we urge the Committee to provide a special series of appropriations.

First, Thailand has decided to cancel plans for the Nam Choan Dam, which would have bisected and inundated the largest tropical forest remaining in Southeast Asia. This forest is vital to the well-being of downstream communities for their water. The forest is large enough to contain elephants, tigers, leopards, guar, tapir and many other species. The United States could provide assistance to the Thai government to aid in the protection and management of this truly significant forest resource.

Second, the recent reports on environmental devastation in the Philippines are shocking. EPI staff toured parts of the Philippines last fall and was amazed at the extent of the environmental destruction. As a result, and also because the headquarters of the Asian Development Bank is in Manila, EPI opened a field office in the Philippines earlier this year.

A 1987 report by the World Resources Institute indicates that, unless the major environmental degradation of the Philippines which has occurred in the last 20 years is reversed, the country will be faced with a social and political crisis as to how to sustain basic human needs for half the population. There needs to be an "environmental Marshall Plan" for the Philippines to rescue and rehabilitate watersheds before whole areas become uninhabitable wastelands.

Working with Philippine organizations such as the Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC) and the Haribon Foundation, EPI is putting together an environmental restoration plan. This will be funded by the Asian Development Bank, which also has recently approved a model forestry loan of $100 million for the Philippines. AID could play a significant role in supporting that restoration plan, and working to protect the biological diversity of the islands.

Third, reports on the destruction of the forests and natural resources in Tibet by the Chinese suggest that something significant should be done to protest the alarming human and environmental destruction taking place as a result of policies of the Chinese government. The following figures were reported by John F. Avedon, author of In Exile from the Land of Snows: The First Full Account of the Dalai Lama and Tibet since the Chinese Conquest.

1949-1979 Impacts of China's Policy on Tibet

"1.2 million Tibetans dead, constituting one-sixth of the population"

"6,254 monasteries destroyed, their art and statuaries either melted into bullion or sold for foreign exchange"

"60 percent of Tibet's voluminous philosophic, historic and biographic literature burned"

"Entire mountainsides clear-cut of their forests and Tibet's unique wildlife, including once great herds of gazelle and wild ass, or kiang, as well as flocks of bare-headed geese and brahmany ducks, all obliterated."

EPI urges the Committee to make some statement of protest about these human rights abuses and to provide commentary on the folly of ruining the productivity of Tibetan ecosystems through ruthless exploitation. In particular, EPI urges a special appropriation to enable UNEP to conduct an overview of environmental problems in the region. In addition, an interdisciplinary team should be assembled by the State Department and AID to look at the full range of human rights, cultural and environmental issues and to make more detailed recommendations. AID's task force should include experts from the Forest Service, the Fish and Wildlife Service, the National Trust for Historic Preservation, and the Environmental Protection Agency.

VII. MILITARIZATION OF CENTRAL AMERICA: OTHER OPTIONS

EPI wishes to call attention to the serious environmental damages being caused by the militarization of Central America and to suggest one innovative proposal that might help reverse the rapid decline in tropical forests and other natural resources on which ultimately the lives of all Central Americans depend.

In recent years the U.S. has spent 18 times as much on military assistance to Honduras and El Salvador as on natural resource programs for the entire Central American and Caribbean region. More than 1000 square kilometers of Honduras' forest cover has been eliminated during the past two years as a result of building military roads, airstrips and attendant activity, most sponsored, paid for and carried out by the U.S.

Imaginative steps must be taken to break out of this cycle of militarization and natural resource destruction. International parks and nature reserves can help promote peace and environmentally sound development in Central America by requiring a cooperative effort between neighboring nations to manage and protect their natural resources. These zones could become centers of internationally significant research and economic development through tourism and rational resource management.

The idea of creating international reserves in the region emerged at the First Central American Meeting on the Conservation of Natural and Cultural Resources in San Jose, Costa Rica, in 1974. In the years following this meeting, a number of Central American countries began to dedicate some of their scarce economic resources to protecting shared natural resources and promoting sustainable development in border regions. La Amistad International Park on the Costa Rica-Panama border and El Trifinio Park on the borders of Guatemala, El Salvador and Honduras are results of these efforts.

When the five Central American Presidents signed the Esquipulas II peace accords in August, 1987, they inspired hope among Central American environmentalists as well as concerned scientists and citizens around the world that the military activities currently ravaging the region's environment would come to an end.

The Arias peace plan breathed new life into the movement to create international parks in the region. Within months, all five governments demonstrated their political will to support peace through parks. Inspired by the peace plan, the Vice-Presidents of Guatemala, El Salvador and Honduras signed a joint agreement on November 24, 1987, declaring their common border area, known as El Trifinio, a biosphere reserve. On February 5, 1988, Costa Rica's Minister of Natural Resources, Alvaro Umana, and the Director of IRENA (Nicaragua's environmental agency), Julio Castillo, signed a letter of intent to create an international biosphere reserve on their border.

Costa Rica's and Nicaragua's proposed International System of Protected Areas for Peace (SI-A-PAZ) would conserve 6000 square kilometers of pristine tropical rainforests and wetlands in its core area alone. This proposal is an integrated development project which aims to protect precious natural resources on both sides of the border while promoting economic development in surrounding zones, thus raising the standard of living of people in the zone and contributing to peace in the region.

Parks that span borders could play a crucial role in easing tensions on the isthmus. We urge the Committee to give endorsement to this concept of peace parks and in particular to the proposed biosphere reserve on the Costa Rica-Nicaragua border. Furthermore, we submit that the concept of peace parks has much wider application throughout the world.

VIII. THE INTERNATIONAL MONETARY FUND AND NATURAL RESOURCES

The IMF claims that it does not address environmental issues because it is only focusing on the major macroeconomic issues confronting the economy of a country. EPI submits that the time has come to challenge this aloofness and to force a more detailed consideration of how IMF policies affect the natural resource base of a nation and its long-term ecological viability.

For example, if the practical effects of austerity conditions imposed by the IMF are to force a nation to strip away its forests and minerals as fast as possible to get cash for payments of interest and principal on its debts, then IMF conditions cannot be said to have no connection to environmental concerns. Likewise, if IMF conditions on structural adjustment loans leave a country unable to invest in natural resources managment, in health care, in clean water, and in social justice, then it must be acknowledged that the IMF has some responsibility for these impacts.

EPI urges the Committee to provide funds for a study of the environmental, health and related social implications of IMF policies in developing nations.

IX. INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

The International Tropical Timber Organization, which was established as an international trade agreement under UNCTAD auspices, offers an opportunity to address the serious deforestation occurring from unsustainable commercial logging. Nearly all nations which import or export tropical hardwoods belong to this organization. The ITTO charter contains an important provision to "encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources and at maintaining the ecological balance in the regions concerned."

If the ITTO is to live up to its potential for bringing about a more rational use of tropical hardwoods, then the United States should play a fuller role. To date, the U. S. is behind on its modest annual dues, which amount to only about $50,000 per year. This must be rectified immediately. The next session of the ITTO Council takes place in Rio de Janeiro later this month.

Furthermore, the United States should make a contribution to the Special Projects Fund of the ITTO. Two concepts which deserve particular attention are a model extractive reserve project in the Western Amazonian province of Rondonia, and creation of an internationally agreed list of threatened and endangered commercial hardwood species.

The extractive reserve project would examine ways in which the forests could be used to produce a stream of income on a continuous, sustainable basis, without disturbing the land rights of indigenous peoples. In Brazil this would include rubber tapping, Brazil nut gathering and other sustainable uses, but the concept has validity in any tropical forest region.

The need for an international register of threatened and endangered tropical hardwoods is obvious. The Food and

Agriculture Organization has put together a short list but it is far from complete, and concentrates primarily on non-commercial species. Non-governmental organizations have put a series of proposals on the table at the ITTO for development of an international list that includes the scientific, common and various trade names. This register is essential for taking rational steps to limit the trade in these species. The U.S. could take the lead at the next ITTO in having this concept funded as a "pre-project" by the member governments.

U.S. LEVERAGE IN NEGOTIATIONS

Senator INOUYE. Thank you very much. All of the witnesses this afternoon, in discussing America's involvement in the GCI at the World Bank, have mentioned the word "leverage," have used the word "leverage," suggesting that we withhold appropriations with the hope that the reforms would be carried out.

I think I should point out that at this moment 79 percent of the votes at the World Bank have already indicated approval of the GCI, and therefore it makes very little difference whether the United States approves or disapproves.

Second, I think we are at the stage now that, with another incremental cut, would mean the loss of the number of votes necessary to maintain the chairmanship. If we lose the chairmanship of the World Bank, then I think we would lose what little influence we may have in providing this U.S. veto.

And so, I am, notwithstanding the lack of authorization, considering appropriating a small token amount. I think the request is $79 million. And I am suggesting something like $5 million to at least keep the veto alive, subject to authorization naturally. So we are caught in a bind here.

Mr. BARNES. Could I respond very quickly to that? It is often assumed and said that all those other countries have approved this increase.

But I have done a little checking around, talking to colleagues in several other countries, and my reading is a little different, and that is that the finance ministers, just as Mr. Baker has done in our country, the Treasury Secretary has made private statements to the effect that, of course we would go along with these deals. But in terms of the formal authorization by the government, that that has not happened in many case as yet.

And if the United States, for example, were willing to invest a little bit of diplomatic capital in an effort to work with several of its key partners on this question, I dare say we might find that there is some leverage there, and I am not saying just in cutting off the money but in conditioning the money on certain things happening. We give you the money, but only if, and we have a list of appropriate conditions.

But I do think, from what little I have learned on this in the last couple of months, that many countries have not formally gone along with capital increase. But the Treasury secretaries have made certain statements to that effect.

EXCERPT FROM WORLD BANK CORRESPONDENCE

Senator INOUYE. I have just received this, dated June 14, from the President of the World Bank. I have not read this yet. I will read the second paragraph. This letter was, I think, sent at my request.

To date, 140 of the Bank's 151 member governments have ratified the GCI. The United States stands among the small minority of 11 member countries which have not yet taken a stand. They are Algeria, Cambodia, Libya, Mauritania, Dakar, Romania, Rwanda, United Arab Emirates, Vietnam, Yemen, and United States.

That is quite a list, glorious countries. So that is my problem. You cannot very well cut out the United States completely, or we will find ourselves permanently imbedded with these people, and I do not think that is what you want.

Mr. RICH. Your point is very well taken. I think that the main thing is that the United States, as Jim suggested, could be undertaking more efforts, diplomatic efforts, to consult with major donor countries, its allies, to push these common environmental concerns.

And I think the question of leverage, these are multilateral organizations, so it is very hard to exercise for any one country——

Senator INOUYE. I hope we can express that sentiment in our committee report.

Mr. RICH. Then I think that is really the key thing. If the United States were to, as the GCI goes ahead or to at least accompany it with an expression of these concerns, it could make a difference.

WILDLIFE LEGISLATIVE FUND OF AMERICA

STATEMENT OF CAROL A. PORTER, DIRECTOR, NATIONAL AND INTERNATIONAL AFFAIRS, WILDLIFE LEGISLATIVE FUND OF AMERICA

ACCOMPANIED BY:

- GEORGE A. FURNESS, JR., PRESIDENT, CONSERVATION TREATY SUPPORT FUND
- E.U. CURTIS BOHLEN, SENIOR VICE PRESIDENT, WORLD WILDLIFE FUND

BUDGET REQUEST FOR CTSF

Senator INOUYE. Our next witness is Ms. Carol A. Porter, Director of National Affairs, the Wildlife Legislative Fund of America.

Ms. PORTER. I am going to be sharing my time with George Furness and——

Senator INOUYE. You are accompanied by Mr. George Furness, President of the Conservation Treaty Support Fund, and Mr. E. Curtis Bohlen, Senior Vice President, World Wildlife Fund.

Mr. FURNESS. Mr. Chairman, thank you very much. It is an honor to be able to testify. I am the President of the Conservation Treaty Support Fund. I am a retired foreign service officer.

I have submitted my testimony for the record, which I am going to summarize very briefly. We are going to split 10 minutes amongst the three of us.

Senator INOUYE. Your full statements, as I have said, will be made a part of the record. I simply would like to say that in proportion to the entire international organization programs account, the amount of funding allocated to CITES is nearly insignificant.

Mr. FURNESS. The request that the administration put in was for $200,000 for fiscal year 1989, which is about 0.1 percent of the account. The amount approved by the House is a little over 0.2 percent.

If the amount of $450,000, which was approved by the House, was appropriated, we would be paying the same percentage that the United States has paid all along, or the percentage that we would be expected to pay, which is about 25 percent of the CITES government contributions. And we have contributed that, almost enough, with the main exception of last year.

Just to give some figures which I have just received today, in fact, as of the end of 1987, we were about $92,000 in arrears. And that is over a period of about 6 or 7 years of making contributions. It is a large amount, but it is not significant.

But in 1988, the request that the parties agreed to was $404,000, and we gave $170,000, which meant that we were short last year, fiscal year 1988, by $234,000. Which means that we are now in arrears $327,000.

The request that the parties gave to us, and I can submit this to us if you would like, is $404,000, and the House is requesting $450,000. If we give $450,000, we would still be in some arrearage by about $280,000.

These amounts do not seem very big in terms of the IO&P account, but for CITES they are the lifeblood. Because of the anticipated arrearages and because of the tremendous decline in the U.S. dollar, the CITES secretariat is located in Switzerland.

They have had to give up all ongoing contracts related to identification and monitoring of wildlife trade, and overseeing the ivory quota system, the contracts related to that. These are vital to keep this convention going.

They had to give up translation services, travel, equipment, communications, and plans requested by the parties for a modest increase in staff to improve enforcement of the treaty.

Actually, one professional staff member funded by the parties to the treaty resigned about 2 or 3 months ago. He is not going to be replaced for now, and he is one of the vital people in charge of statistics and enforcement.

So until they can be assured that they can get the U.S. contribution, they are going to have to cut the treaty back. The only other country that is now, I hate to lump this in, that has not contributed, and is even more in arrears than us, is the Soviet Union. But they have never contributed to this treaty.

Senator INOUYE. It might please you to know that before your testimony the subcommittee was prepared to proceed with $200,000. But this is a good time of the day to make decisions.

Now, $450,000. How is that?

Mr. FURNESS. That is wonderful. That is a good start. One other thing I would like to mention is that——

Senator INOUYE. I am in a good mood.

Mr. FURNESS. Support for UNEP is also important for CITES, because CITES is administered by UNEP, and at the moment UNEP, although they say it has to all be paid back, at the moment UNEP is carrying CITES.

So if UNEP does not have enough money they would not even be able to keep CITES going.

Senator INOUYE. We will be recommending more than what the administration suggested.

Mr. FURNESS. I heard you say that. That is really I think I will say, and I would like to pass it on to Carol.

[The prepared statement of Mr. Furness follows:]

TESTIMONY

PRESENTED BY

GEORGE A. FURNESS, JR.
PRESIDENT
CONSERVATION TREATY SUPPORT FUND

AND

E. U. CURTIS BOHLEN
SENIOR VICE PRESIDENT
WORLD WILDLIFE FUND

This testimony is presented by George A. Furness, Jr., President of the Conservation Treaty Support Fund, and E. U. Curtis Bohlen, Senior Vice President of World Wildlife Fund. We are accompanied by Carol A. Porter, Director of National and International Affairs of the Wildlife Legislative Fund of America, who is submitting separate testimony. Also submitted are remarks by Mr. William H. Mansfield III, Deputy Executive Director of the United Nations Environment Programme, on CITES: The MOST Endangered Species, presented at the Sixth Meeting of the Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora - CITES.

We very much appreciate this opportunity to testify on the proposed United States annual contribution to CITES. The Convention is an intergovernmental treaty, ratified by nearly 100 nations committed to work together to protect threatened and endangered species of plant and animals from uncontrolled exploitation in international trade. CITES is acknowledged as the world's most successful conservation treaty and has long enjoyed the support and leadership of the United States. That leadership will be jeopardized if the U.S. does not contribute at the level needed to permit CITES to function effectively.

United States support for CITES

There is very broad and deep American public concern for wildlife conservation, including wildlife overseas in Africa, Latin America and Asia, and active support for CITES. The Endangered Species Act of 1969 directed the Administration to develop a treaty to control trade in endangered species, and CITES was concluded at a major international conference hosted by the U.S. Government in Washington, D.C. in 1973. The United States is a charter member of CITES, and the Convention is regarded as the keystone of U.S. international wildlife resources conservation policy.

CITES is strongly supported by a wide spectrum of non-governmental organizations in the United States, as well as the legitimate wildlife trade associations. These organizations attend the biennial CITES Conferences of Parties, play a key role in the development of U.S. policy vis-a-vis the Convention, and contribute directly to CITES programs. In 1986-87 alone, American non-governmental agencies contributed over $220,000 to special projects and the travel of delegates from developing countries to CITES meetings.

CITES' accomplishments

1. Commitment by nearly 100 sovereign nations to its objectives.

2. An agreed, international listing of endangered and at-risk species.

3. An international framework for controlling legal trade in threatened species and curbing illegal trafficking. Alligators, spotted cats, and the vicuna are among animals benefiting from these controls.

4. A quota system for African elephant ivory, monitored by a unit housed in the CITES Secretariat .

5. Effective mechanisms for captive breeding of endangered wildlife, to relieve the demand on the wild and provide incentives to local peoples who can benefit by preserving and sustaining them.

6. Studies to determine whether species need CITES protection.

7. Technical assistance to developing countries in implementing and enforcing CITES and in managing wildlife.

8. Full and active participation of all its member nations on decisions affecting their resources.

How the Convention is financed

The Convention operates through management and scientific authorities in its member countries and through the Switzerland-based CITES Secretariat. Although the CITES Secretariat is administered by the United Nations Environment Programme, funds for its operation and coordinating and monitoring activities have been provided since 1981 by voluntary, annual contributions of member states, assessed on the basis of the United Nations scale of contributions. When the Parties began contributing to CITES, there was no provision in the Convention permitting the "assessment" of contributions. However, the Parties agreed to contribute voluntarily, in percentages based on the UN scale and adjusted to the membership of CITES. The United States regularly contributed its share (slightly over 25 percent).

An amendment to the Convention, which was adopted in 1979 and came into force in 1987, empowers the Parties "to make financial arrangements." The United States supported this amendment and ratified it with the advice and consent of the Senate, on the grounds that giving the Parties such powers would help assure contributions from such non-contributors as the Soviet Union. Nevertheless, despite the coming into force of the amendment, the current Administration has decided to continue to request voluntary rather than assessed contributions.

The effect of dollar decline and an insufficient United States contribution on CITES

Over 60 percent of CITES expenditures are made in Switzerland, where the Secretariat has been located since the Convention came into force in 1975. While the U.S. dollar was gaining in value in the early 1980's, the Secretariat could operate within its budget and was even able to develop a reserve. The 1986-87 biennium budget was written at the rate of exchange in April 1985, 1 dollar = 2.6 Swiss francs.

However, since 1985, the dollar has declined drastically and is now at 1 dollar = 1.3 Swiss francs, or naerly half its 1985 value. Despite retrenchment by the Secretariat, incoming contributions in dollars have not kept pace with Swiss franc expenditures. The small reserve has been wiped out and replaced by a deficit. Pending receipt of contributions to the 1988-89 budget, the United Nations Environment Programme (UNEP) is lending money to keep the Secretariat operational. This will have to be repaid. Appended to our testimony is a statement on this issue entitled CITES: The MOST Endangered Species, presented at the 1987 CITES Conference by William Mansfield, Deputy Executive Director, UNEP.

The U.S. contributions to CITES for 1988 and 1989 were set at $404,487 per annum, approximately 25 percent of the budget agreed at the Conference of Parties held in Ottawa in July 1987, in accordance with the scale of contributions which has been used by CITES since the Parties began making regular contributions in 1980. However, the United States paid only $170,000 in FY-1988 and the Administration has requested only $200,000 for FY-1989, less than half the amount asked of us for these two years.

The failure of the United States, actually since 1986, to meet the contribution level requested of it by resolution of the Parties is an increasingly serious burden on the treaty. Because of dollar decline alone, significant budget increases are required in 1988 and 1989 just to maintain current levels of Convention activity. Based on the shortfall of over $400,000 which could result from amount of the U.S. contributions actually paid in 1988 and requested by the Administration for 1989, the Secretariat has prepared revised contingency expenditure estimates for these two years, which would entail very severe cutbacks.

Under these revised estimates, the Secretariat would have to drop plans, requested and approved by the Parties at the 1987 Conference, to enhance enforcement of the treaty through a modest increase in staff. All ongoing contracts, including those concerned with identification of traded specimens, monitoring wildlife trade and overseeing the African ivory quota system, all vital to the operation of CITES, would have to be dropped entirely from the budget in 1988 and could be only partially reinstated in 1989, unless alternative sources of funding can be found. Translation support would be eliminated in 1988 and cut in half in 1989, a Conference year. Essentials such as travel, equipment and communications would be reduced. Without these elements, CITES would lose a great deal of its effectiveness.

An insufficient contribution will undermine U.S. leadership

The United States has long played a leadership role in CITES, hosting the Conference which brought it into being, serving as Chairman of its most important Committees, and helping to ensure that its decisions accord with United State's policy. If the United States cannot continue its contribution at the level needed to permit CITES to function effectively and which other Parties expect of it, and if the United States is seen to cause a decline in CITES' effectiveness, our leadership in CITES and in other conservation and environmental fora will be seriously undermined.

As a result of shortfalls in U.S. contributions since 1986, the United States' arrearage is now second only to that of the USSR. We were already in arrears by $92,854 at the end of 1987, and will be behind by $531,828 by the end of 1989 if nothing is done to increase our contribution. Our arrearage will be second only to that of the Soviet Union which has as yet not contributed to CITES and which plays almost no role in the Convention. The German Democratic Republic, which has also never contributed, is third in arrears. By contrast, nearly all western country contributors, including Japan which contributes 11 percent of the budget, West Germany (8 per cent), France (6.5 percent) and the United Kingdom (5 percent) have no arrearages, and those of developing countries are minor.

Australia and the Federal Republic of Germany, which along with the United States and Israel, were the only Parties which voted against the 1988-89 biennium budget, have indicated they will meet the increases in their contributions, to give CITES a chance to continue and mature. Several Parties will give more than their agreed contribution to make up for our shortfall, including Japan and a number of Western European countries, as well as the European Community. Japan contributed more than double its assessed contribution last year.

How important is the U.S. CITES contribution?

A full United States contribution would amount to one quarter of CITES' average annual budget of $1.5 million for 1988 and 1989. The additional $200,000 would make a big difference to a small Secretariat, which has learned to operate efficiently with a barebones but highly professional staff.

In contrast. the full U.S. contribution of $404.487 would amount to .002 of the total requested for the International Organizations and Programs (IO & P Account). It is only .004 of the amount requested for the United Nations Development Program (UNDP).

CITES: The MOST Endangered Species

REMARKS BY MR. WILLIAM H. MANSFIELD III
DEPUTY EXECUTIVE DIRECTOR OF UNEP
TO THE MEETING OF THE PARTIES OF THE
CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES
OF WILD FAUNA AND FLORA - CITES

OTTAWA, JULY 1987

Distinguished delegates
Ladies and Gentlemen,

It gives me great pleasure to join you today in this sixth Meeting of the Conference of the Parties of CITES. UNEP's Executive Director, Dr. Mostafa Tolba, has asked me to extend his greetings and best wishes to you in this critical meeting of the Convention.

Half a century ago, Aldo Leopold called for an end to what could be known as "uncreation", the reversal of evolution, the extinction of species.

For the first time he gave us an economic - as well as a moral and aesthetic - rationale for the preservation of genetic diversity. An ecosystem, he argued, is like a clock: remove one piece, however small and insignificant-looking, and the whole system can be disrupted.

In the years since Leopold died two important things have happened. One is that this radical theory is now no longer radical. It is accepted that man has unique responsibility to preserve genetic diversity. The second thing is the combined destruction of species. For all the high-minded talk, the work of uncreation goes on unabated. Headline writers talk anxiously about the greatest extinction of species since the end of the dinosaurs.

There is a curious dichotomy. On the one hand we have never been so aware of the importance of genetic diversity. On the other hand we can even more recklessly snuffing out the world's living things.

It was largely a realization of this paradox that led to the Convention on the International Trade in Endangered Species.

The system proposed to deal with the dichotomy was ingenious. It should be possible, the Convention's inventors presumed, to conserve the array of species and genetic diversity, to promote economic development, and to clamp down on the exploitative profiteering of species in international trade.

International consumer demand was an important and growing threat to species. Rare species were protected, but their exploitation continued in the hands of poachers and unscrupulous traders. If international trade could be regulated, then both development and conservation would be advanced.

The past decade has shown that the system can work remarkably well. At the United Nations Environment Programme we are convinced that CITES is one of the ingredients of sustainable development. We are convinced that it is the best hope for species now facing extinction through illicit trade. We are convinced that it can be a benefit to the poor nations which are home to many of the world's threatened species. We believe that CITES can help take money out of poachers' pockets, and put it into the pockets of the Third World's rural poor.

You who implement this Convention have a very special representational responsibility. A number of years ago, during a series of investigations into suspicious land sales, an American Boston lawyer in Massachusetts named Louis Brandeis - later a famous Justice of the U.S. Supreme Court - appeared before a committee as a representative of a group of citizens concerned about the public interest. When Brandeis took the witness stand, his right to be present was challenged. "Who, sir," he was asked, "do you represent?" "I, sir," Brandeis replied, "represent the people. The public is my client."

You have an equally important task under the CITES Convention for you speak for those who have no ability to speak for themselves. Your clients are the world's endangered species of animals and plants. As we seek desparately to protect the earth's biological diversity there can be few higher callings than speaking for them.

And you have a number of recent successful stories that must be seen with particular satisfaction.

The current efforts to save the South American vicuna are indicative of the CITES process at its best.

UNEP figures show that in the 1960s the global vicuna population fell as low as 12,000. The threat to the vicuna represented an economic threat to the Andean people who spun its wool. Vicuna wool is a valuable commodity. A single vicuna wool coat has been known to sell for as much as $18,000.

A decade of vigorous protection and support has seen the vicuna population bounce back to a relatively healthy 120,000. By preserving the vicuna, the international community preserved not only a cultural heritage, but an economic lifeline, an entree into a better world of the poverty-stricken Andes. UNEP is unequivocably in favour of the rational management of species under the CITES umbrella.

CITES has been doing tremendous work with another - slightly less cuddly - South American animal: the caiman crocodile. It is showing that conservation can be an effective management tool for development. The project that comes to mind is a typical three-phase operation.

Phase one is essentially scientific. It is an investigation of the taxonomy, population and habitat of the caiman.

The second phase is a more detailed study of the biology of the caiman, as well as an attempt to document the causes of any decline of its numbers.

The third phase of the project puts in place a management programme. CITES is working with the Governments of Bolivia, Paraguay and Brazil to develop quota systems, identify markets and generally promote the sustainable utilization of the animal. The caiman's best chance of survival is to make it too valuable to kill. If there is a decent revenue to be gained from caimans, there will be an incentive to conserve their numbers.

Half a world away another example can be found. The people of Zimbabwe are protecting elephants through similar economic advantage. A project in a village near Bulawayo, has shown that commercial products from elephant carcasses can be used to generate enough revenue to finance two schools and a small-scale tanning factory. If the poaching can be kept down, then elephant numbers can be kept up, and people who need the revenue most will benefit, and will be given added incentive to conserve the goose that lays the golden egg.

Mr. Chairman,

I am aware that what I am saying is not the approach accepted by everyone in this room. I know that there are people here who are not in favour of the economic utilization of species. They favour preservation.

But I am also aware that in large parts of the world, human perceptions of their needs and value systems do not now accommodate the pure preservation approach. Our experience shows that under existing circumstances, in some parts of the world, preservation by itself will lead to extinction. We simply cannot enforce a total preservation order on most species.

To talk of total preservation in those places where poverty reigns, where population is growing at three or four percent annually, where indigenous people survive on threatened or endangered species or where the value system does not encompass absolute preservation is to misjudge the realities and possibilities. It is a threat to the flora and fauna we want to save.

To achieve our goal of protecting wild plants and animals from over-exploitation through international trade in these areas, we must adopt flexible approaches that take into account the known needs and values of the people favouring rational utilization. At the same time we must continue our campaign against the annihilation caused by unscrupulous traders. They must be our constant target and we must not cease our pursuit of them until their activities are completely stopped.

I have mentioned elephants in Zimbabwe. Let me return to that subject. In most countries elephant numbers are declining. Let's not imagine that they are not. Poaching continues unabated in some areas. The figures presented to this meeting on the decline in the numbers over the last ten years should be given careful consideration in the next two weeks.

We have a new quota system for ivory. The major importers of ivory have agreed not to accept illegal ivory. Africa now has a political framework within which to combat poaching and illegal trade. There are welcome signs that the price of poached ivory is declining, and that the price of legal ivory is strengthening. But this has not yet had a sufficient effect on the decline of elephant populations. The quota system is only 18 months old, and although it may be early to judge its success, there are indications that it is beginning to work. It is a beginning. Enforcement must be improved. Poaching must be curbed. CITES and others must do more to follow the illicit international trade in poached ivory and to expose it.

Whatever delegates think about steps so far, we all agree that poaching must be made bad business, rational management must be made good business.

UNEP, which is responsible for the Secretariat of CITES, together with the Parties assembled here at this Sixth Conference, can set up the framework for international trade within which conservation can occur. But that framework can only be administered if the Parties provide the means for this to happen.

It was understood - ever since Costa Rica - that the Parties would assume responsibility for the cost of funding the Secretariat of the Convention. At each meeting since then, you have agreed upon a budget for the Secretariat and the amount of contribution that would be made by each of you annually to finance that budget. Unfortunately, not all Parties have paid their agreed share. Others have paid late. If one budgets to spend 100 percent of contributions which are then not paid, one gets into trouble. The finances of the Convention are in trouble, deep trouble, and this is perhaps the most serious issue that the Parties have to face during this Conference.

So long as the US Dollar was rising in terms of the principal currency of expenditure - in case of CITES, the Swiss Franc, the onset of the financial crisis could be deferred. But once the tide turned and the US Dollar declined in terms of the Swiss Franc, as it has over the last year, the crisis has been upon us.

All of the parties have been advised individually by the Executive Director of UNEP that by early 1987 there were insufficient funds in the CITES Trust Fund to pay the salaries of the Secretariat staff and the costs of this Conference. The Executive Director also advised Parties that he would advance money from the programme reserve on UNEP's Environment Fund to meet the salary and conference costs up the end of July. He warned that he expected that advance to be repaid by the trust fund once overdue contributions were received.

Since that letter, some Parties have paid their contributions for 1987 and earlier years. Others have not. There is now sufficient money in the trust fund to pay the salaries of the staff of the Secretariat up to the end of 1987, but as yet no further. Some of the costs of this meeting, but only some, are being charged to the trust fund. The remainder is still being carried by UNEP's Environment Fund as are the salary costs of the Ivory Trade Co-ordinator which was to have been paid by external funds, the travel of Secretariat staff to this meeting, and communication and other costs. The Environment Fund has also financed the first issue of the publication "CITES Ark" so that you can seen what it looks like before you and make a decision on whether it should be continued as a regular feature. We do not expect the cost of this first issue to be repaid.

The other costs that I have mentioned, however - part of the conference expenses, secretariat staff travel, communications and the ivory trade coordinator - amounting to $96,000 must be repaid to the Environment Fund.

However, when the decline in the values of the U.S. Dollar in terms of Swiss Francs is taken into account, there remains a shortfall in the trust fund for 1987 only of some $230,000 to finance the budget approved by the Parties in

Buenos Aires. In addition, we face the continuing problem of unpaid contributions in 1987 which amount to $380,000. For all years taken together the unpaid contributions now total just under $1,000,000.

Lest there are those among you who believe that UNEP's Environment Fund can be used to bail out the Parties from the financial crisis facing them, I have to tell you that the Executive Director has no mandate from the UNEP Governing Council to do this. Money was advanced from the Environment Fund to give you time to discuss in Ottawa what can fairly be described as the financial crisis of the Convention. It is now up to you to find a solution. UNEP is here to help by way of advice: the solution must come from the Parties.

We have established a mechanism to conserve endangered species, but the most endangered species in Ottawa today is CITES itself. Your first concern must be to preserve the Convention. Without that, nothing can be achieved. There will be hard decisions to be made in the next two weeks. We urge you not to back away from them.

Some time after the U.S. President Andrew Jackson died in the last century someone asked an old servant of Jackson's, if he thought his master would get into heaven on Judgement Day. The servant knew his tough and persistent boss. "If General Jackson takes it into his head to get to Heaven," he said, "who's going to keep him out." And similarly, if the governments and other interests represented here today, make up their minds to provide the necessary support the CITES Convention, we will achieve the worthy goals we embarked upon some 12 years ago.

CITES is one of the most important vehicles yet developed to protect the planet's precious plant and animal heritage. It gives this group of Party representatives, this Conference of the Convention a unique, indeed, overwhelming responsibility to help in preserving animal and plant life on our planet. Future generations will not forgive us if we let the Convention itself to fall into extinction.

You can be sure that UNEP will work diligently with you in the weeks ahead so that that does not happen.

PREPARED STATEMENT OF CAROL PORTER

Ms. PORTER. In light of your good mood, Mr. Chairman, I will make this very brief. I want to thank you very much for your interest and concern in CITES.

I am with the Wildlife Legislative Fund of America, and I am the Director of National Affairs. And I am really here today as an NGO to express support of the NGO community, to let you know that there are lots of very diverse groups who are involved with CITES, who are very active in CITES. We participate and lend expertise to CITES.

And I wanted to submit for the hearing record and for your information a list of those organizations that support CITES and will support your $450,000 or more increased appropriation.

[The prepared statement and list of organizations follow:]

THE WILDLIFE LEGISLATIVE FUND OF AMERICA
To protect the Heritage of the American Sportsman to hunt, to fish and to trap.

TESTIMONY

PRESENTED BY

CAROL A. PORTER
DIRECTOR OF NATIONAL AND INTERNATIONAL AFFAIRS
WILDLIFE LEGISLATIVE FUND OF AMERICA

Mr. Chairman, my name is Carol A. Porter and I am the Director of National and International Affairs for the Wildlife Legislative Fund of America. I am pleased to be here today to discuss a line item in the International Organizations and Programs Account that very few people before this Committee have had the opportunity to discuss. I am referring to the Convention on International Trade in Endangered Species (CITES).

For your information, the Wildlife Legislative Fund of America (WLFA) is a non-profit organization whose purposes are to protect scientific wildlife management practices as well as the interests of sportsmen and sportswomen. The WLFA is also an association of conservation organizations representing hundreds of sportsmen's clubs--from Ducks Unlimited and the Ruffed Grouse Society, to the Foundation for North American Wild Sheep and Shikar Safari Club International. The WLFA also has as affiliates the American Fur Industry, the National Trappers Association and Fur Takers of America. We provide legal, legislative and public relations services for well over 750,000 American sportsmen and sportswomen.

I am here today with my two colleagues, Mr. Furness and Mr. Bohlen, to express my strong support for the CITES Treaty and to encourage this Committee to restore the level of funds, and thereby the level of U.S. contributions to the Treaty, as requested by the CITES budget resolution. I am also here as a nongovernmental organization (NGO), and although I alone could not possibly represent the entire NGO community due to its magnitude and diversity, I feel that I can safely say that the NGO community fully supports CITES and the need for full funding by our government.

By way of background you should know that NGO's, especially American NGO's, play an important role in CITES. NGO's participate and are involved in all aspects of the Treaty, often lending needed expertise and knowledge to all types of issues affecting wildlife trade and conservation. Incidently, the CITES Treaty is the first treaty to endorse NGO participation. We virtually have the same rights as Party Nations with the exception of voting rights. In fact, it was over twenty years ago that American NGO's persuaded U.S. Government officials to move forward with the creation and ratification of this Convention. Now many of these same NGO's are working to keep the Treaty financially afloat.

The NGO community is one that is extremely diverse. It includes businesses and associations that trade in and utilize wildlife and wildlife products. State fish and wildlife agencies also have a vested interest in CITES since they are responsible for the management of our nations wildlife resources. In fact, the International Association of Fish and Wildlife Agencies has asked me to personally convey to you their strong support for CITES and full U.S. funding. In addition to the State Agencies, the conservation community is also well represented within CITES as it is here today by my own organization and Mr. Bohlen's. Even animal welfare organizations who in some cases might oppose some form of international trade in wildlife and/or the taking of wildlife, support CITES. All of us, no matter what our own personal agendas may be towards CITES' goals and objectives, agree that it is by far one of the most effective wildlife conservation vehicles yet developed to protect our world's plant and animal heritage. We also recognize it is the best hope for species now facing extinction through illicit trade. We also recognize that unless the Convention is properly funded it too will become an endangered species. The consequences of such an outcome will surely be felt by the world's flora and fauna.

Mr. Chairman, in order to give you an idea of the broad support the NGO community has for CITES I would like to submit for the hearing record a listing of those American organizations who support full funding for CITES by the United States Government.

Many of those NGO's on this list attended the last Conference of the Parties held last July in Canada. At that conference many of us were so concerned over this budget crisis that we formed an NGO Committee on the Financing of CITES. As a member of that Committee it has become one of my top priorities to encourage all Party Nations to meet their contribution levels as requested by the CITES budget resolution. In addition, the Committee has been exploring other avenues that may add some dollars or in kind payments to the Treaty. We have been working closely with the Conservation Treaty Support Fund which encourages outside donations, especially through the corporate sector. Mr. Furness, who created the Fund, should be congratulated for his efforts to expand the funding base for CITES as well as other conservation treaties.

Before I complete my statement I must tell you that NGO's not only support CITES in spirit, but also with dollars. I wouldn't be here if I couldn't tell you that the NGO community has and will continue to financially support CITES. For your information, U.S NGO's contributed over $220,000 to CITES for purposes of special projects and delegate travel during 1986 & 1987. Internationally, the NGO community contributed over $625,000 during this same period of time. We have an undisputed track record which proves our financial commitment to CITES as well as our commitment to the wise use of the world's threatened and endangered species.

In conclusion I think it can be said that no other Treaty has accomplished so much with so little. The CITES Treaty is a small but most fruitful investment. Those of us in the private sector are strongly committed to this investment. As a Party Nation and as the chief architect of the Treaty, the United States must not let its financial obligation wane. The United States has always held a position of leadership when it comes to CITES and for that matter, all international wildlife issues. Other Party Nations recognize the importance of CITES and have contributed above and beyond what is obligated. As a member of the NGO community, I respectfully request that this Committee restore full funding to the CITES' appropriation so that this Treaty may continue in its efforts through international trade to conserve the world's flora and fauna.

NONGOVERNMENTAL ORGANIZATIONS THAT SUPPORT FULL U.S. FUNDING FOR THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES (CITES)

American Association of Botanical Gardens and Arboreta
American Association of Zoological Parks and Aquariums
American Fur Industry
American Fur Merchants Association
Center for Environmental Education
Conservation Treaty Support Fund
Environmental Defense Fund
Friends of the Earth
Fur Retailers Information Council
Game Conservation International
Greenpeace
Humane Society of the United States
International Association of Fish & Wildlife Agencies
International Exotic Leather Council
International Primate Protection League
Louisiana Fur and Alligator Advisory Council
Monitor - USA
National Audubon Society
Natural Resources Defense Council
Pet Industry Joint Advisory Council
Safari Club International
Sierra Club
The Nature Conservancy
The Wildlife Society
Wildlife Conservation International
Wildlife Legislative Fund of America
World Wildlife Fund/The Conservation Foundation

FUR INDUSTRY

Senator INOUYE. You have the fur industry in here?

Ms. PORTER. Yes, sir.

Senator INOUYE. How does that tie in with wildlife Conservation?

Ms. PORTER. The convention on international trade and endangered species involves trade in all sorts of wildlife and wildlife products, and the fur industry is a part of that, as is the leather trade, the pet trade, and all sorts of industries that use animals and animal products.

And so we have got quite a hodge-podge of those trade groups as well as conservation and environmental groups listed there. And we are all for once united in this effort to increase the appropriation.

And I also wanted to let you know that as an NGO we are committed to CITES financially. And over the 2-year period of 1986–1987, the U.S. NGO's contributed on their own $220,000 for special projects and delegate travel. And internationally, we contributed $625,000 for those 2-year periods.

So we have pretty much an indisputed track record in terms of support for the treaty as well as the financial support.

TRADE IN ENDANGERED SPECIES

Senator INOUYE. Has CITES been successful in stopping the trade in endangered species?

Ms. PORTER. I think it has been extremely successful in its endeavors. Many years ago we did not have trade in certain species because they were doomed to extinction, or we did not have the regulatory mechanism in place.

Now we have crocodile ranches in Africa. We are now able to export alligator skins out of this country. We can now use vicunia wool out of South America, and we have seen a real comeback in certain species as well as lot of help and assistance going to those species that really need it, and giving government lots of support and helping manage and conserve the species.

Senator INOUYE. I am certain you are aware that the State of Hawaii has more endangered species than any other State.

Mr. FURNESS. One point, just backing up her point, is that a lot of the indigenous peoples in these countries, talking about the World Bank and support for peoples there, wildlife is one of the big industries that these countries can benefit by.

An elephant in Zimbabwe is estimated to be worth about $25,000 in terms of tourism, hunting permits because they cull when there are too many elephants. The hide, the ivory, and the meat is used both by the people and the lesser quality of meat goes to the crocodiles, which are then raised for export. So they really, it is both conservation and preservation of biological diversity for the benefit.

Senator INOUYE. Is $450,000 enough?

Mr. BOHLEN. Mr. Chairman, the World Wildlife Fund is the world's largest private organization devoted to the conservation of natural resources.

We have nearly half a million members in this country who want to see the United States contribute its fair share of financial support to important international conservation treaties.

WORLD HERITAGE CONVENTION

Let me just address for the moment the World Heritage Convention, which was a U.S. initiative that has proved highly successful in protecting internationally significant natural and cultural sites. This is especially important for developing countries where these sites generate substantial revenue from tourism.

WWF is deeply concerned that the annual U.S. contribution to this convention has been declining since 1984, when the appropriation was $250,000. This year it is only $219,000, despite the ever-increasing need for more technical assistance and more training of personnel at World Heritage sites.

The World Wildlife Fund strongly recommends that the Senate appropriate $250,000 in fiscal year 1989 for the implementation of this important treaty.

In regards to CITES, it is the only effective international mechanism we have to combat illegal trade in wildlife. Each year as more countries join CITES and more countries implement its procedures for monitoring and controlling illegal wildlife trade, the avenues for illegal trade become more limited and more restrictive.

But CITES cannot even survive, much less be successful, if great powers like the United States do not meet their financial obligations.

U.S. LEADERSHIP IN CITES

The United States was the father of CITES. The Department of State, the Department of Interior, and the U.S. NGO's, working together, have been instrumental in making CITES the widely accepted, highly effective network it is today. This is not the moment to abandon ship to forfeit our leadership role.

I as an American, working with our official delegation at CITES conferences, have been acutely embarrassed when we have had to explain officially to 95 other nations, as we did last July in Ottawa, that the richest nation on earth cannot meet its obligations, that we cannot contribute $400,000 a year to a purpose that so many governments, including our own, have declared to be essential to the future well-being of mankind.

We urge this committee to appropriate the full $404,000 for fiscal year 1989. In fact, I would urge you to go one step further and appropriate $639,000 for fiscal year 1989 to compensate for the shortfall in our contribution to CITES this year. In that way, the United States could meet its full obligation for the biennial. Thank you, Mr. Chairman.

Senator INOUYE. You want $200,000 more?

Mr. BOHLEN. If possible. It would really make a difference.

Senator INOUYE. We will juggle a few figures. I thank you all very much.

[The prepared statement of Mr. Bohlen follows:]

Testimony given by C. Bohlen

World Heritage Convention

The World Heritage Convention was a U.S. initiative that has proved highly successful in protecting internationally significant natural and cultural sites. This is especially important for developing countries where these sites generate substantial revenue from tourists. WWF is deeply concerned that the annual U.S. contribution to the convention has been declining since 1984 when the appropriation was $250,000. This year it is only $219,000 despite the ever increasing need for more technical assistance and more training of personnel at World Heritage sites. World Wildlife Fund strongly recommends that the Senate appropriate $250,000 in FY89 for the implementation of this important treaty.

The greatest threat to the preservation of biological diversity around the world is habitat destruction, particularly in tropical forests. The second greatest threat is the illegal wildlife trade. The declared value of the legal trade alone amounts to $5 billion annually. The insatiable greed of illegal traders, fueled by the huge market demand in the United States, Japan and Europe, threatens to destroy the natural resource base upon which the future economic viability of so many developing countries depend.

CITES is the only effective, international mechanism we have to combat this illegal trade. Each year, as more countries join CITES and more countries implement its procedures for monitoring and controlling the legal wildlife trade, the avenues for illegal trade become more limited and more restricted. But CITES cannot even survive, much less be successful, if great powers like the United States don't meet their financial obligations.

The U.S. was the father of CITES. The Department of State, the Department of the Interior and U.S. non-governmental organizations, working together, have been instrumental in making CITES the widely accepted, highly effective network it is today. This is not the moment to abandon ship -- to forfeit our leadership role.

I, as an American, working with our official delegation at CITES conferences, have been acutely embarassed when we have had to explain officially to 95 other nations -- as we did last July in Ottawa -- that the richest nation on earth cannot meet its obligations; that we cannot contribute $400,000 a year to a purpose that so many governments, including our own, have declared to be essential to the future well-being of mankind.

We urge this Committee to appropriate the full $404,000 for fiscal year 1989; in fact, I would urge you to go one step further and appropriate $639,000 for FY89 to compensate for the shortfall in our contribution to CITES this year. In that way, the United States could meet its full obligation for the biennium.

NATIONAL AUDUBON SOCIETY

STATEMENT OF PATRICIA A. BALDI, DIRECTOR OF POPULATION, NATIONAL AUDUBON SOCIETY

INTERNATIONAL POPULATION PROBLEMS

Senator INOUYE. Our next witness is Ms. Patricia Baldi, Director of Population, National Audubon Society.

Ms. BALDI. Thank you for the opportunity to be here. I missed this last year because I was off in Africa at the last minute seeing what was happening with population growth and the environment.

As you may know, the President of Audubon, Peter Berle, is very busily going around the country talking about redesigning national security in terms of population planning and the environment.

And although I for one, who have watched your support for population and family planning programs for years, will miss you from this subcommittee, maybe those shifting priorities you can do something about on the Defense Committee.

Senator INOUYE. We will try.

Ms. BALDI. We are in the process at this point of trying to establish a grassroots constituency building project across the United States, because we feel very strongly that what you need to be hearing from are people who are increasingly concerned about these issues.

And I just mention this because we have just finished two regional workshops—there will be another this weekend in Pennsylvania—where citizens are grouping together to talk about foreign aid, foreign policy, what the current priorities are and what the future might be. And hopefully you will be hearing more from them as they get educated and activated to participate in this process.

But right now we have some grave concerns about international population, and that is what I would like to focus on, because that is mainly what I focus on.

I find it somewhat amusing that this administration is trying to take credit for keeping the levels of population assistance up when it has been very clear to all of us on the outside that it has been Members like you, Mr. Chairman, and other Members of Congress who are concerned about the program who have actually kept the policies in place, as many as possible, but also kept the funding available.

And the program survives, although embattled. We are seeing successes in a lot of countries; Brazil, Colombia, Indonesia, Mexico, Thailand, and Zimbabwe. In developed countries, over 65 percent of couples are using modern contraceptives, and they are almost being matched now by modern methods of use in developing countries.

We do not have a population policy in this country, and we still look upon it as irrelevant. But today in 40 developing countries there are official policies to reduce the rate of population growth, and governments in an additional 95 developing countries support family planning services.

Still, the sheer enormity of this phenomenon is beginning to impress itself on the minds of the general public, and I think we added to that this past week. We had a board meeting of National Audubon up in Maine, and we brought in an official from AID from the Office of Population, and someone from the Futures Group, to show them the new demographic model on population, natural resources and environment.

And believe me, it was very impressive to the board to be able to see what we have accomplished, but it was a little depressing to see what we had in front of us. We do know that the projections are that we will stabilize our population, if all goes well, at 10.2 billion sometime between 2030 and 2070.

ACID RAIN ISSUE

And we are beginning to see the sort of global and national boundaries being crossed by a lot of the environmental impacts of that kind of population growth. Acid rain between the United States and Canada.

I was recently in Nebraska talking about the water dispute rights between Wyoming, Nebraska, and Colorado. But I made a comparison between Nepal and India with the Bramaputra River, and I think it was several days ago in the Christian Science Monitor, the exact same problem was outlined in terms of India and Bangladesh fighting over water rights, as the population grows.

The global problems you were all talking about. I spoke to a group yesterday of mostly developing country population experts, middle level, who are very conscious of depletion of the ozone layer and the level for greenhouse effect, and the loss of biological diversity. And you can find that as well among everyday citizens in the United States. It is amazing how the information is getting out.

FUNDING FOR POPULATION ASSISTANCE

Meanwhile, AID's request for population assistance was $190.4 million. And the House of Representatives raised that to $198 million, which is really totally insufficient.

We know that there is money in the development fund for Africa. We have tried for a target for 10 percent. We also know that the agency is coming back itself and saying, well, we are only going to put $33 million into population and family planning out of the development fund for Africa.

And one of the places I was last summer was Nigeria. Nigeria with 109 million people, which we expect to stabilize at about a half a billion sometime within the next 100 years, which is the total population of Africa today.

And it seems to me that it is inadequate for the agency to come back and say that they cannot spend 10 percent of the development fund in Africa. It is just one program of 43 different countries who are in great need of family planning and population.

They borrow money from the central office, the central office of population, which could use that money in other areas. We cannot ignore Asia and we cannot ignore Latin America.

So we are recommending that Congress maintain that 10 percent target for the development fund for Africa, aside from the central funds, separate from the central funds, and that an additional $100 million be added to the request for fiscal year 1988.

This would bring it back up to the fiscal year 1985 level of $290 million, which doesn't seem to be a terrible sacrifice or terribly out of line.

One of the things, Mr. Chairman, you are probably aware of are two exercises that are going on in Washington now, one through the Michigan State University process, looking at foreign assistance into the 1990's, and one through Project Blueprint, blueprint for the environment.

I have had the opportunity to participate in the population side of that, and we have done some projections on what the needs will globally for family planning expenditures, looking at host country government's expenditures as well as multilateral banks and the U.N. and the U.S. portion.

And our estimates are that by the year 2000 the United States will have to, in order to keep up with this, be spending $500 million.

Now, if we start today with the level that we are proposing, that is going to mean a 3.2-percent increase per annum to the year 2000. If we wait till next year, it is going to mean 4.5 percent per annum. And of course it gets incrementally larger as we move along.

I for one would say, where does the money come from? That we decrease the military portion of the 150 account and increase the development assistance portion and get the money from there.

I know that is unprecedented. But I think the dramatic needs are there and that we have a responsibility to respond with our portion as much as possible.

Just briefly to go on, in terms of agriculture and natural resources, we support Ambassador Blake's testimony on agriculture. Colleagues in my office are currently working with the task force.

We also would hope that we could again get a commitment from the agency on biological diversity, which is intricately involved with the future of plants that may be used for medicinal purposes or future food supplies.

The UNEP figure, the Senate Foreign Relations Committee did recommend $12 million, and we would like to see it come to that level. We are absolutely delighted with your recommendation of $450,000 for CITES. And the World Heritage Convention, we are requesting $250,000. Thank you, Mr. Chairman.

[The prepared statement of Ms. Baldi follows:]

Testimony of

PATRICIA A. BALDI

Director of Population
NATIONAL AUDUBON SOCIETY

INTRODUCTION

Mr. Chairman and members of the committee, I appreciate the opportunity to testify concerning funding levels for foreign assistance. I am Patricia Baldi, Director of Population Programs at the National Audubon Society. The National Audubon Society is an environmental organization with more than 550,000 members across the United States and in a number of other countries. Within a network of 510 chapters and seven regional offices Audubon is committed to the establishment of a sustainable future in the United States and throughout the world.

Recently Audubon's President, Peter A.A. Berle addressed the Youth Environmental Society in Princeton, New Jersey. Attached to my testimony is a copy of that speech. In the context of the address Mr. Berle discussed the growing problems of population growth, pollution and use of natural resources. "We must work to make the public and our leaders understand that for the first time in history, we face a situation in which unprecedented numbers of people are using and misusing their natural heritage in ways that cannot be sustained. Stated in its most basic form, we must raise public awareness of the principle that the human race is the steward of the Earth's environmental health and vitality -- both for generations yet unborn and for all other plant and animal species with whom we share this planet."

Within the context of this public awareness the Population Program and the International Program of the National Audubon Society have joined forces to establish a grassroots constituency-building project across the United

States. In a series of regional conference workshops we are raising the knowledge level, commitment and action of citizens concerned generally about the foreign policy of the United States and particularly about the way that policy is implemented by federal funding. Much of this testimony reflects our concerns.

Population and Family Planning

Despite the fact that this Administration has repeatedly taken the credit for increased funding to the international population assistance, it is clear that Congress has kept the program alive. It was Congress that prevented the Administration's attempts to eliminate population funding in the 1983 budget submission. Restrictions such as the imposition of the "Mexico City" policy and refusal to fund the United Nations Population Fund have been attempts at erosion of the population program as well.

The program survives, although embattled. The success of the program can be seen in numerous countries like Brazil, Colombia, Indonesia, Mexico, Thailand, and Zimbabwe. In developed countries over 65 percent of couples use modern methods of contraception, whereas the number of couples using modern methods in developing countries is only 45 percent.

While this country lacks a population policy and still seems to regard population growth as irrelevant, developing countries have made major strides since the 1974 World Population Conference in Bucharest. In 40 developing countries there are official policies to reduce the rate of population growth. Governments in an additional 95 developing countries support family planning services.

Meanwhile, the sheer enormity of the population phenomenon is beginning to impress itself on the minds of the general public. People are seeing the results of population density, growth and consumption. We are told if all goes well, global population will stabilize at 10.2 billion sometime between 2030 and 2070. Ninety percent of that growth will take place in the developing world, but the impact will be felt by all of us.

In 1950 there were only two cities with a population over 10 million, New York and Paris. By 1975 that number had grown to seven. By the year 2000 over half of the people in the world will be living in cities and the number of cities over 10 million will be 26. If we add the cities of the world with over 5 million people, the number will be 58. The result of this migration and growth in urban areas will be increased pollution, major pressure on sanitation and health services, more crime, more crowding, and diminished human dignity.

And there is evidence of the impact that we have on each other that crosses international boundaries. The examples range from acid rain crossing borders between the United States and Canada; erosion by the Ganges river which runs through India, Nepal, Bhutan, and China; and migration across borders in Africa caused by war, land displacement and famine. Global interdependence has reminded us all of our mutual importance to each other. Major global problems like depletion of the ozone layer, the greenhouse effect, loss of biological diversity, soil erosion and desertification are all connected in some way directly or indirectly to ever increasing numbers of people. And the rate of destruction leaves us less than a decade to make significant changes. For example we are losing 3,000 acres of tropical forest per day. With those trees we lose potential medicines, grains, industrial products, and contribute to the increase in the greenhouse effect..

Despite the magnitude of the problem we continue to spend only a fraction of what is needed to address this critical issue. The Agency for International Development's request for international population and family planning assistance in FY 1989 is $190.4 million. The House of Representatives raised that level to almost $198 million, which is still woefully insufficient.

In addition, according to A.I.D. responses to inquiries there appears to be $33 million for family planning and population within the Development Fund for Africa (DFA). The Africa level is below what we had hoped to see as the amount which would be made available from the DFA and again raises concerns over the creation of the fund as a mechanism for delivering family planning in the continent. The Agency should be given a clear mandate to allocate 10% of the Development Fund for Africa to population and family planning. Central population and family planning funds should be in addition to this amount.

We recommend that Congress raise the level for Section 104(b), family planning, by an additional $100 million, bringing the account back to the FY 1985 level. This would take the population and family planning account to a level of $290 million. This figure may seem unreasonable in light of the budget deficit. It seems more unreasonable to decrease the population budget when we are spending billions of dollars on a Strategic Defense Initiative which the Office of Technology Assessment says may "suffer a catastrophic failure" the first time used.

Recommendations from the Population Crisis Committee and the recent Population Colloquium cosponsored by Project Blueprint and Michigan State University demonstrate the need for increasing the U.S. share of international family planning costs. Worldwatch Institute's projections show a need for global expenditures of $3 billion for family planning by the year 1990 to stabilize the world population size at roughly eight billion by 2050 (see reproduced table 10-4 - State of the World 1988). The deficit we are experiencing in the environment and quality of life is bankrupting our present and our children's future. Helping countries to meet the demand for child spacing and family planning as well as stabilize their population is one way to contribute to a sustainable future.

We know that budgeting today is a zero sum game. The answer is to decrease the military portion of the 150 account and increase development assistance. In table 10-6 from State of the World 1988 the cost of achieving sustainable development is very small in proportion to the total global military budget. Our share is even smaller. As Audubon's President Peter Berle states, "We, as citizens of the globe, must bring about a re-evaluation of the concept of national security by all nations" -- linking it closely to environmental protection and population planning.

Agriculture, Natural Resources and Environment

Others are testifying today for increased funding for sustainable agriculture and natural resource conservation. Special attention is also being given to the declining reservoir of the world's plants and animal species in the tropics. The National Audubon Society joins these organizations and many others in calling for the U.S. government leadership to set new investment priorities for citizen tax dollars.

Who will be the beneficiaries of a change in our nation's investment strategy? Much of the U.S. economy depends on global markets for its vitality. Our nation's ecological and economic systems are becoming more and more blatantly interrconnected with those of the rest of the world.

Agricultural systems have become globalized as they have become more sophisticated. Regular infusions of wild genetic material into domestic crops are necessary, and foods to feed a world twice the size of the one today in possibly forty years will undoubtedly call for new food crops. To build the capacity to meet this challenge is the subject of Ambassador Bob Blake's testimony, and we support his call for dramatic action.

For two years, the Agency for International Development has been working with a new program to conserve the world's biological diversity. The legislation that passed the House of Representatives in 1986 called for a minimum of $10 million to be spent on preserving plant and animal species. With an estimated 50% of the world's biological diversity concentrated in tropical forests, protection of these forests has been the emphasis of the program. The Administration committed itself to $4.5 million in FY88 and 89, and there has been strong interest from many of the A.I.D. field missions. We urge this Committee to continue to support this program that, despite its small size, provides future generations the resources with which to address the problems that we have passed on to them. Biological diversity programs are not only our savings bank for the future, but they are also paying dividends today. Some programs are contributing to improved ecological tourism in Africa and Asia, improved fishing in Belize, watershed protection in South America. Ten million dollars is still the minimum needed to more firmly establish the value of plant and animal conservation.

International Organizations & Programs

In the International Organizations and Programs (IO&P) account, there are several programs that are critical partners in achieving our goal of an environmentally sustainable future: the United Nations Environment Programme

(UNEP), the Convention for International Trade in Endangered Species of Wild Fauna and Flora, and the World Heritage Convention.

The United Nations Environment Program (UNEP) has taken the leadership within the world community on global change issues. They are also the leaders in bringing countries together to develop ways to handle hazardous waste, chemicals in international trade, and ocean protection. UNEP has developed an innovative village-level program in Africa that is exploring ways of working locally with nongovernmental groups and village leaders to address problems such as energy consumption. We need UNEP's leadership on these global environmental and conservation problems. The House appropriated $9 million for UNEP for FY89. The Senate Foreign Relations Committee supports $12 million for this program, and we consider this a bargain when measured against the return we are already getting in world attention to the global environment.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is one of several environmental treaties that are funded from this account. While loss of habitat is the principle threat to the conservation of wild plants and animals, trade is an important threat to some species. It is also a threat on which there is a great deal of cooperation among trading nations and one that we should be able to control in the near future. Cooperation and coordination among nations on these issues, however, costs money, and we are fortunate that the estimated costs are quite small. The House has appropriated $450,000 to this program for FY89. We urge you to support the House action.

The World Heritage Convention is another important component of our efforts to conserve biological and cultural diversity. We are requesting $250,000 for this treaty, which will restore funding to the FY84 level, and reverse the erosion that has been taking place over the past few years. This is a very practical treaty that can measure its benefits in economic as well as ecological terms. Data indicates that when a World Heritage Site is designated in the United States there is a dramatic increase in international tourism and the economic benefits to the community are measurable. When areas are designated as World Heritage Sites, the program emphasizes training of the people responsible for maintaining and, where necessary, restoring the sites.

Ninty-four percent of the funds given to this treaty are used in direct site support. There is also an "in danger" list, which serves to focus special attention on areas under threat and has resulted in a reversal of damage on some occasions. The World Bank has recognized the World Heritage Site list as an important one to consult before planning large construction projects.

In summary these programs, which are among the smallest in the IO&P account, are nevertheless very large in their contributions to the goal of achieving an environmentally sustainable future. Adding the small amounts indicated in these requests will be possible, if there is leadership in changing the priorities of the Foreign Assistance Program.

Brown, Lester, STATE OF THE WORLD 1988

Table 10-4. Estimated Expenditures on Family Planning and Related Activities in Third World to Stabilize World Population Size at Roughly 8 Billion by 2050

Year	Family Planning Services	Social Improvements	Financial Incentives	Total
		(billion dollars)		
1990	3.0	6.0	4.0	13.0
1991	3.5	8.0	6.0	17.5
1992	4.0	10.0	8.0	22.0
1993	4.5	11.0	10.0	25.5
1994	5.0	11.0	12.0	28.0
1995	5.5	11.0	14.0	30.5
1996	6.0	11.0	14.0	31.0
1997	6.5	11.0	14.0	31.5
1998	7.0	11.0	14.0	32.0
1999	7.5	11.0	14.0	32.5
2000	8.0	11.0	14.0	33.0

SOURCE: Worldwatch Institute estimates derived from World Bank data.

Table 10-5. Rough Estimates of Additional Expenditures to Achieve Sustainable Development, 1990–2000

Year	Protecting Topsoil on Cropland	Reforesting the Earth	Slowing Population Growth	Raising Energy Efficiency	Developing Renewable Energy	Retiring Third World Debt	Total
			(billion dollars)				
1990	4	2	13	5	2	20	46
1991	9	3	18	10	5	30	75
1992	14	4	22	15	8	40	103
1993	18	5	26	20	10	50	129
1994	24	6	28	25	12	50	145
1995	24	6	30	30	15	40	145
1996	24	6	31	35	18	30	144
1997	24	6	32	40	21	20	143
1998	24	7	32	45	24	10	142
1999	24	7	32	50	27	10	150
2000	24	7	33	55	30	0	149

SOURCE: Worldwatch Institute.

Table 10-6. Two Possible Global Security Budgets, 1990–2000

	Global Security Defined in Military Terms	Global Security Defined in Sustainable Development Terms		
Year	Current Military Expenditures Continued	Military Expenditures	Expenditures to Achieve Sustainable Development	Total Security Expenditures
		(billion dollars)		
1990	900	854	46	900
1991	900	825	75	900
1992	900	797	103	900
1993	900	771	129	900
1994	900	755	145	900
1995	900	755	145	900
1996	900	756	144	900
1997	900	757	143	900
1998	900	758	142	900
1999	900	750	150	900
2000	900	751	149	900

SOURCE: Worldwatch Institute.

National Audubon Society

"NATIONAL SECURITY AND ENVIRONMENTAL PROTECTION: AN INEXTRICABLE LINK"

REMARKS BY

PETER A.A. BERLE

PRESIDENT OF THE NATIONAL AUDUBON SOCIETY

National Security and the Environment

Since the end of World War II, much of the industrialized world has viewed the issue of national security largely as a bi-polar, East-versus-West struggle played out overwhelmingly in terms of military strength.

That school of thought persists to this day, despite the stark reality that virtually anywhere one might choose to look in the world -- from the population crush in Mexico and Egypt to the deforestation of Indonesia and Central America -- nations of strategic importance are suffering from environmental and population problems that have frightful potential to destabilize their governments and the regions in which they occur.

Explosive Urbanization

This is seen most dramatically in the explosive urbanization occurring worldwide. Consider this: At the beginning of this century, just 14 percent of the world's population lived in cities. Right now that figure is up to 44 percent and by the end of this century, fully half of this planet's inhabitants will live in cities.

By the year 2000 -- that's just 12 years from now -- a billion people will be living in cities that are incapable of supporting their inhabitants. Besides spirit-sapping overcrowding, these urban dwellers contend with choking air pollution, lack of fresh water, crumbling roads and bridges and generally unsanitary living conditions.

Much of this astounding urban growth is taking place in the mega-cities of the Third World -- places like Mexico City, Cairo, Calcutta, Rio de Janeiro, Nairobi and Jakarta.

U.S. and the West is not immune

Any American who thinks the United States, or any of its allies for that matter, is immune to these problems i oblivious to the spreading cracks in our social structure. On need only to breath the air in Denver or Los Angeles. One nee only take a walk around New York's Port Authority Bus Termina or Washington's Capitol Hill area and see the thousands o homeless people.

To be sure, the origins of most of these problems, glob and domestic, preceeded Ronald Reagan's years in the Whi House.

The Reagan Legacy

Yet clearly, we are about to conclude two terms in which a president and his administration pursued a range of policies that either ignored or in some cases worsened most environmental, population and natural resource problems facing the United States and the world at large.

It is a sorry legacy: A legacy of gutting energy conservation programs, of opposing stronger federal environmental laws, of abandoning world leadership in population planning. Most importantly, it is a legacy of ignoring the growing international support for policies that encourage environmentally sustainable development around the world.

Thankfully, we are emerging from this era. Rather than dwell on the past, we must focus on the opportunities that will be available to us in the next administration, whether Republican or Democratic.

For it will be during that time that we establish in the public mind and in U.S. policy the strong link between the environment and security -- and the absolute necessity for a national policy that will promote sustainability.

The role of American conservation organizations

American environmentalists have a major role to play here. Indeed, environmental and conservation organizations in the United States, both large and small, have a responsibility, to advance the cause of environmentally sustainable development.

The enormous scope of the global conservation and population problems confronting us cry out for a comprehensive approach -- one which, from the standpoint of the National Audubon Society, has several major components.

1. First, we must re-evaluate what constitutes national security.

2. Second, we must build a domestic constituency in support of environmentally sustainable development.

3. Third, we must work to reform U.S. policy in favor of sustainable development.

4. Fourth, we must see to it that we in the United States are practicing what we preach to the rest of the world.

It would be helpful, I believe, to examine these ideas in more detail.

1. The meaning of national security

First, we, as citizens of the globe, must bring about a re-evaluation of the concept of national security by all nations.

Historically, of course, national security has been closely related to the development of sufficient military strength to defend against aggression, or to protect national interests around the globe.

This notion of national security also has driven efforts to protect industries from foreign competition, or to encourage their establishment.

Seen in this light, it is clear we must work to keep uppermost in the minds of the public and our leadership that environmental protection, sound resource use and population planning are at least as important.

This includes environmental protection within every nation-state and outside its borders as well. Internally, environmental protection ensures the public health and food supply, without which no nation can survive. Population planning helps to ensure a nation's resource base will not be overwhelmed.

Environmental protection and international cooperation

This is critical to any nation's future. Yet maintaining a sound environment at home is not sufficient to protect any nation-state. The events at Chernobyl, the international dimension of acid rain in North America and Europe, and the contamination of the Rhine River by a chemical fire in Switzerland, all remind us that an environmental disaster in one country can put a neighboring country at risk.

In effect, the national security of all of us depends to some degree on the effectiveness of environmental protection within neighboring states. Furthermore, in a world economy, everyone depends on products from somewhere else. That supply can only be assured in the long run if the supplier follows sound environmental protection practices.

National security also is dependent on mutual and collective efforts among nation-states to protect the global environment. Depletion of the ozone layer, the greenhouse effect and resultant global warming, the spread of toxics in food chains which know no national boundaries -- they are all phenomena that a great many nations contribute to and, in varying degrees, threaten the safety and national security of us all.

The challenge then is to persuade governments and their leaders that by ignoring or giving low priority to environmental protection and population planning, they put their own national security at risk.

2. Building a domestic constituency

Another important component of our strategy for meeting this global challenge involves public education and grassroots activism. We must work now to build a strong constituency here in the United States that will support environmentally sustainable development as an integral part of American policy.

This is a particular responsibility of the American environmental movement. It has been and will continue to be hard work. But it can be done -- both nationally through vehicles of mass communication and on a local basis. For example, at Audubon, we recently completed production on a video production designed to build local support for population programs.

We at Audubon see public education as crucial to the success of any popular campaign on behalf of sustainable growth. These educational efforts can take many other forms, such as classroom education and leadership training of local activists, to name some important ones.

3. Reforming U.S. policy

A third part of our strategy must focus on ensuring as much as possible that the concept of sustainable growth runs through every aspect of U.S. foreign assistance -- both directly through American assistance programs and indirectly through international organizations that the United States helps to fund.

This means working toward a comprehensive redefinition of both U.S. foreign assistance and foreign policy objectives. This will be no small task, I know. But there is nothing to lose by aiming high.

The place to start is with the environmental and population programs of the U.S. Foreign Assistance Act. What can we tell skeptical policymakers about why these programs need major strengthening?

The answer, we already have noted, is that fundamentally, environmental destruction in the Third World poses extraordinary threats to international stability. Elected and appointed government officials in Washington must hear again and again that a U.S. foreign policy which encourages sustainable development will, in the long run, do more to promote stability and security than our current overriding emphasis on weapons programs and military strategies.

Equally important, however, we must focus on the "sustainable" part of our message. We must be sure to make the point that all our efforts -- from family planning on a local level to forest conservation on a national level -- will be truly effective among Third World peoples only if we tie these programs to the believable promise of a better life.

To people in Africa or Latin America or Asia caught up in an endless cycle of poverty, sustainable development holds out the hope of giving them a measure of responsibility and control over their lives. That, I submit, is the uplifting vision we must offer.

4. Practicing what we preach

The fourth component of our campaign to encourage environmentally sustainable development is based on the belief that we in the United States must practice what we preach.

As watchdogs over U.S. policies, we at National Audubon feel strongly that American environmental organizations have a major responsibility to ensure the United States is not asking the people of Mexico City, or Lagos or Calcutta to do something that people in New York or California or New Jersey won't do.

Although the United States has been on the cutting edge in attacking many environmental problems, a few examples demonstrate that practicing what we preach will be more difficult than many people realize.

For instance, we must note that the United States, with just 5 percent of the world's population, consumes 33 percent of the world's resources and creates 33 percent of the world's pollution.

"Mining" ground water and encouraging Third World pollution

And let us note that in some areas of the United States, ground water which cannot be replenished is nonetheless being "mined" -- both for agricultural and municipal uses.

We also should understand that the United States and other industrialized countries in some ways encourage developing nations to diminish their natural resources. For example, throughout the Third World, toxic chemical contamination threatens water quality.

This is largely because industrial nations have left vast loopholes in their laws which permit banned and restricted products and processes to be exported to developing nations, which usually lack the regulatory mechanisms necessary to protect themselves.

Domestic deforestation & desertification

And let us note that in some parts of the United States, our government pursues a so-called "management" policy for National Forests that encourages harvesting of old growth forests at unprecedented rates -- before we fully understand the biological value of these ancient forests. Practiced elsewhere, we might call this deforestation.

In a similar vein, there are today large areas of the Western United States -- hundreds of thousands of acres of fragile land -- that are being overgrazed and desertified as a result of crazy-quilt government policies that actually subsidize this environmental destruction.

Wasteful U.S. water policies

Then we have water projects. Before we vigorously wring our hands and shake our heads about the environmental destruction caused by huge water projects in the Third World, let's look at our nation's enormously wasteful water policies.

For example, the last great water rights battle in the Western United States is being fought right now in Colorado. There, the Denver Water Board is preparing to build a massive dam and reservoir on the South Platte River that could destroy, downstream, one of the greatest wildlife habitats left on this planet -- the mainstem of the Platte in central Nebraska.

I've just returned from Nebraska. Each spring in March and April, more than a half-million sandhill cranes -- 80 percent of the world's population -- gather on the Platte as a staging and feeding area for their northward migration. At times each spring, it is possible to view tens of thousands of cranes in one place. *This is a wildlife spectacle equal to any on Earth*.

Yet the Platte is a river under siege. A total of 70 percent of the river's historic flow *already* is gone to existing dams and irrigation projects.

My point is this: If this Denver water project, with all the environmental havoc it will wreak, were being sponsored by the World Bank in a developing nation, there would be a hue and cry from people in the United States about wasteful foreign assistance.

But we all know that this kind of environmental waste and destruction is much too common in the United States. That, ladies and gentlemen, is why, in our enthusiasm for sustainable development policies, we must not forget that promoting sustainable development starts at home.

A near-term agenda

We at National Audubon recognize that although this agenda is a common sense approach, it is sweeping in its scope. Audubon is working hard right now to build a domestic constituency for the policies I've discussed. But remember that large, complex problems require comprehensive solutions, and we will not solve the global environmental and population challenge overnight.

So let me conclude by suggesting a near-term agenda that the average environmentalist -- the average concerned citizen -- can begin to do something about.

1. First, we must decrease energy consumption in the United States -- a goal that would greatly enhance national security by reducing dependence on imported oil. This starts with each of us in our personal lifestyles. But it also means pressing our senators and representatives to strengthen policies such as mandatory auto fuel efficiency standards.

2. Second, we must revitalize the U.S. effort to develop alternative renewable sources of energy -- a program abandoned by the Reagan administration. While this will mean a renewed federal commitment to support research and development of things like solar and wind power, states

can have a big impact. California, for example, has for years successfully encouraged alternative energy development with progressive utilities regulation.

3. Third, we must speed the drive toward mandatory recycling in the United States. This will reduce energy consumption, save forests and help solve the crisis gripping New Jersey and many other states over garbage disposal and incineration. The goal is to have every metropolitan area require residents and businesses, for garbage pickup, to separate paper, glass, aluminum and plastic -- and to require community collection of environmentally hazardous household chemicals.

4. Fourth, we must press Congress and the next administration to provide sufficient research funds for accelerated development of 100 percent safe and simple contraceptives for men and women. What we envision would be a technological leap over existing contraceptives in terms of safety, ease of use and reliability.

5. Fifth, we also must press Congress and the next president to re-assert a world leadership role for the United States in family planning. This leadership will mean, among other things, providing far more support to developing nations for family planning education, and for distribution of contraceptives.

Conclusion

Looking to the future, let me emphasize that environmentalists -- whether working internationally,

nationally or locally in scope -- have an enormous responsibility in the years ahead.

We must work to make the public and our leaders understand that for the first time in history, we face a situation in which unprecedented numbers of people are using and misusing their natural heritage in ways that cannot be sustained.

Stated in its most basic form, we must raise public awareness of the principle that the human race is the steward of the Earth's environmental health and vitality -- both for generations yet unborn and for all other plant and animal species with whom we share this planet.

POPULATION CONTROL POLICIES

Senator INOUYE. Thank you very much, Ms. Baldi. It is correct, we have no population policy in the United States. But I believe the record will show that last year we spend over 20 percent of our time in legislative debates on matters relating directly or indirectly to population control.

Just about every measure that goes up has some abortion amendment on it, or family planning amendment. This Committee, for example, had to spend more time on this aid to China, which you are well aware of, than any other item.

I am especially pleased with the interest shown by environmentalists, conservationists and such. You may not realize, but over one-third of all the witnesses today have come from your community. I think it will be very helpful to me, when I make my presentation to the committee. And so we will do our best.

As far as your suggestion, we will be providing about the same as the House, $198 million. But we will be setting aside $50 million for the African Fund. That comes out to about $250 million.

Ms. BALDI. That is better. Thank you, Mr. Chairman. We appreciate that.

Senator INOUYE. That is not too bad, is it?

Ms. BALDI. No, that is not too bad.

FRIENDS OF THE UNITED NATIONS ENVIRONMENT PROGRAM

STATEMENT OF FRANCES SPIVY-WEBER, DIRECTOR, FRIENDS OF THE UNITED NATIONS ENVIRONMENT PROGRAM

RECORD OF UNEP

Senator INOUYE. Our final witness is Ms. Frances Spivy-Weber, Director of the Friends of the United Nations Environment Program.

Ms. SPIVY-WEBER. Thank you.

Senator INOUYE. You waited long, did you not?

Ms. SPIVY-WEBER. I did, I did. I would hasten to add, I am the volunteer director for the Friends of the United Nations Environment Program. I also work for the National Audubon Society.

I am here testifying exclusively for the budget of the United Nations Environment Program, and I want to emphasize the impressive record that they have on several different issues that are critical to our country today.

We are urging that you provide $12 million, the amount that was authorized by the Senate Foreign Relations Committee.

In the state of the world report, Worldwatch Institute has estimated that it is going to cost $150 billion a year to reverse the environmental destruction that is taking place right now.

So $12 million for a program like the United Nations Environment Program seems like a very small down payment on this debt for the future, particularly when you look at the kinds of programs that UNEP is concerned with, and as you have heard in testimony today is very effective at carrying out.

CLIMATE CHANGE TREATY

UNEP is the lead organization internationally preparing for climate change, for a climate change treaty. This month they are meeting with the world meteorological organization and the government of Canada in a conference entitled, Changing Atmosphere for Global Security.

This is going to be followed by the establishment of an intergovernmental coordinating body on climate change. Two years from now they have already scheduled to have a second world climate conference. And 1995 is the target date for actually having an agreement on climate change.

Now, I have attached two documents to my testimony that outline exactly how they are planning for this to take place. There are many, many meetings that are being held around the world, because in order to get all the governments to agree on something as dramatic as climate change it is not very simple.

But UNEP is unique in being able to actually move in and talk with these government leaders and to cajole them and work with them in seeing that there is movement made in this very important area.

OZONE DEPLETION

We have seen an example of how they have done this with the ozone depletion. Just last September UNEP was the lead organization in preparing for an convening the meeting on the ozone treaty. And it was passed, as you know.

The agreement calls for Western nations to cut consumption of ozone-depleting chlorofluorocarbons by 50 percent and limit production by 35 percent in 1999.

Now, someone earlier today suggested that consumption should be cut to zero. UNEP has been asked by EPA already to review the agreement in light of the new findings that have come forward from the scientific community, and they will be making recommendations fairly soon.

HAZARDOUS WASTE DISPOSAL

UNEP is also involved, however, in other environmental issues that are extremely important. One is hazardous waste. They right now are drafting an international hazardous waste treaty.

There is an urgent need for global action to stop the dumping of wastes from industrialized nations into developing countries.

With the rise of costs of hazardous waste disposal in more regulated countries, some industries are shipping their wastes great distances to less regulated developing countries, or dumping wastes at sea. UNEP is convening a meeting again this month in Venezuela to develop the treaty that they hope to have ready by early 1989.

They are also working on toxic chemical emergencies. During the Rhine River transboundary spill, they were brought in to help negotiate some agreements that will take place later this year between the European countries for instances that were prompted by this disaster.

There has also been a recent emphasis within the registry, which is the mechanism that they are using to monitor toxic chemicals, to see that the registry applies to developing countries as well as developed countries.

Much more needs to be done, but again the financing of this kind of effort is lacking when the United States is not regular in its payments, and UNEP never knows quite what to expect.

CARIBBEAN SEA PROJECTS

The Caribbean Sea is another major interest of the United Nations Environment Program under its regional seas program. And we have, last October, participated in an agreement where $2 million is to be spent on 30 environmental projects in the Caribbean that will definitely benefit the long-range, in the long-term will benefit the United States.

The United States is working with the United Nations Environment Program in developing protocols under this Caribbean agreement. But we, for political purposes, do not contribute to the plan's trust fund, but we are offering some in-kind services.

Again, UNEP is going to need to have funding to be able to maintain its activities there, if we are not contributing through the State Department to the Caribbean treaty.

AFRICAN PROGRAMS

Another very important area, we had several testimonies today, about conditions in Africa, and particularly about energy. And the United Nations Environment Program has met with 41 African countries who have designed and adopted what is called the Cairo Plan of Action that involves governments, scientific institutions, and villagers in Africa to halt and reverse the degradation of the African environment.

The heart of this plan is grassroots participation at the village level to work on conservation activities, particularly as they relate to energy conservation.

The plan is very ambitious. There are three villages per country in the 41 countries, and it is focused both on the national policy and local implementation level, the two places where real change will have to take place in order to have long-term accomplishment of conservation. UNEP is taking a lead on this as well.

UNEP has been very supportive of grassroots organizations, both in this country and worldwide. In fact, tomorrow they will be hosting with others an event on Capitol Hill on the House side, recognizing local organizations and individuals who have been very involved in conservation.

They have also worked with religious groups. On June 5th, over 100 religious communities of all faiths accepted UNEP's invitation to join in an environmental sabbath for world environment day.

ARCTIC PROGRAMS

In the Arctic, UNEP was active in working with representatives of the Inuit Circumpolar Conference, the northern circumpolar region, northwest territories, the Yukon, and the Arctic marine region, to assist in the possible development of a circumpolar action plan under UNEP's regional seas program.

In August 1987, the Department of State had a report prepared that found that 28 of UNEP's 29 programs funded that year benefited at least 18 U.S. governmental environmental goals.

The report concluded that UNEP fulfills a broad U.S. policy interest by providing a unique forum that enables the United States to promote its environmental interests abroad in both developing and developed countries in the East as well as in the West. It is a very effective ally and partner for the United States government, and a bargain to boot.

[The prepared statement of Ms. Spivy-Weber follows:]

Testimony of

FRANCES SPIVY-WEBER

Director

FRIENDS OF THE UNITED NATIONS ENVIRONMENT PROGRAMME

As a Director for the Friends of the United Nations Environment Programme (FUNEP), a private, non-profit environmental organization established to help build public support for UNEP and its cooperating organizations, I am testifying today to emphasize the impressive record of the United Nations Environment Programme on the following important environmental issues affecting our future:

*climate change
*ozone depletion
*hazardous waste
*chemicals in international trade
*Caribbean Sea protection
*village conservation in Africa
*support for grassroots nongovernmental organizations

We urge that your Committee provide the leadership to raise the United States' contributions to UNEP to $12 million, the amount authorized by the Senate Foreign Relations Committee. One hundred fifty billion dollars a year is the price tag for reversing environmental destruction worldwide, according to Worldwatch Institute's 1988 State of the World report. Twelve million dollars amounts to a very small down payment on this debt to the future.

Climate change

UNEP is the lead international organization preparing for a climate change treaty. In June the United Nations Environment Programme, the World Meteorological Organization (WMO) and the Government of Canada will host a world conference on the Implications of a Changing Atmosphere for Global Security. It will be followed by the establishment of an intergovernmental coordinating body on climate change. Two years from now, the Second World Climate Conference will be held, and 1995 is UNEP's target date for "agreement on appropriate and timely measures" to deal with climate change.

Attached are two documents entitled "UNEP's Role in the Greenhouse Gas Issue" and "The Greenhouse Gas Issue" which give much more detail about the many other efforts that have taken place and will be taking place on global change under the aupices of UNEP.

Ozone Depletion

On September 16, 1987, UNEP was the lead organization in preparing for and convening a meeting of most of the world's industrialized nations where they signed the first environmental treaty that benefits every man, woman and child on this planet. This agreement limits and decreases worldwide consumption of chemicals that threaten the earth's protective ozone layer. The agreement calls for western nations to cut consumption of ozone-depleting chlorofluorocarbons (CFCs) by 50% and limit production by 35% in 1999. Already UNEP has been asked by the U.S. Environmental Protection Agency to review the agreement in light of new scientific information and to make recommendations on additional actions that need to be taken.

Hazardous Waste

UNEP is drafting an international hazardous waste treaty. There is an urgent need for global action to stop the dumping of wastes from industrialized nations into developing countries. With the rise in the cost of hazardous waste disposal in more regulated countries, some industries are shipping their wastes great distances to less regulated developing countries or dumping the wastes at sea, by the roadside or sending it to a false address. Legal experts from 31 countries met in Geneva February 5 and agreed on principles for the notification and responsibility of exporting, importing and transit countries and the right to refuse entry. The experts will continue their legal negotiations under UNEP auspices this June in Venezuela, and a treaty conference is expected in early 1989.

Chemicals in International Trade

Toxic chemical emergencies, such as the trans-boundary spill in the Rhine River highlight the importance of UNEP's International Register of Potentially Toxic Chemicals (IRPTC). The Register may be helpful in implementing two proposed treaties to require governments to notify each other when a toxic chemical accident occurs that might have harmful consequences for other countries and to require prompt assistance among governments after an accident happens in order to minimize damage and harm to people, property, and the environment. There has also been a recent emphasis within the Register to provide developing country governments with more information on chemicals and to help interpret the information for the purposes of hazard and risk assessment and control. Much more, however, needs to be done: establishing national registers in developing countries, training on data use, and preparation of materials for immediate use by decision-makers.

Caribbean Sea protection

More than forty Caribbean Environment Program nations met in October under UNEP auspices and agreed to invest $2 million in thirty environmental projects over the next two years. They also decided to develop three legal agreements: to protect certain areas and wildlife, to combat hazardous substance spills, and to control pollution from land-based sources. A wildlife and natural areas protocol has been drafted by the U.S. State Department and the National Oceanic and Atmospheric Administration. For political and economic reasons the U.S. does not contribute to the plan's Trust Fund, but offers in-kind support to projects and institutions. The wider Caribbean is one of the most important areas to the U.S. economically and ecologically. The success of this treaty is of vital concern to the U.S.

African Conservation in Villages

In 1985 leaders from forty-one African countries designed and adopted the Cairo Plan of Action that involves governments, scientific institutions, and villagers in Africa to "halt and reverse the degradation of the African environment in order to satisfy the food and energy needs of the peoples of the continent." The heart of the plan is grassroots participation, where 150 villages in thirty semi-arid stock-raising zones will develop local projects to achieve food and energy self-sufficiency. While the plan is ambitious, it is properly focussed at both the national policy and local implementation level. Conservation can only be accomplished with this dual approach, and UNEP is to be congratulated for inspiring and supporting this Plan.

Support for grassroots nongovernmental organizations

In the United States UNEP has been helpful in providing information and advice to citizens' groups that are organizing Globescope town meetings, the World Wilderness Congress and the International Forum on Environment and Development. Nongovernmental organizations throughout the world are recognized by UNEP as important partners, and they have worked closely with the Environment Liaison Center in disseminating information to as wide a network as possible. Enlisting nongovernmental groups in the work of caring for the environment is a very cost-effective approach and one that should be encouraged by the Committee.

In the Arctic UNEP is working with representatives for the Inuit Circumpolar Conference, Northern Circumpolar region, North West Territories, Yukon, and Arctic Marine region to assist in the possible development of a Circumpolar Action Plan in UNEP's Regional Seas Program.

The International Chamber of Commerce is also calling on UNEP for advice on ways to assist UNEP in implementing the ozone accord and promoting World Commission on Environment and Development recommendations for environmental management consistent with economic growth. UNEP is also formulating environmental safety programs for a few developing countries that will be jointly implemented by government, industry under ICC auspices, and aid agencies.

There has also been increasing interest and support for celebrating the environment during the UNEP-sponsored World Environment Day, June 5. Over 100 religious communities of all faiths accepted UNEP's invitation to join in an Environmental Sabbath on June 3-5. In Washington, the National Geographic Society, the Global Tomorrow Coalition, and Friends of the United Nations Environment Programme held a gala event on June 4 at the National Geographic. On June 15 there will be a reception for Members of Congress and their staff in the Courtyard of the Rayburn House Office Building to spotlight UNEP and other foreign assistance-funded environmental programs.

Department of State Study Indentifies UNEP Benefits

An August 1987 Department of State consultant report found that 28 of UNEP's 29 programs funded that year benefited at least 18 U.S. government environmental goals. The report concludes, "UNEP fulfills a broad U.S. policy interest by providing a unique forum that enables the U.S. to promote its environmental interests abroad--in both developing and developed countries in the East as well as the West."

UNEP's agenda is growing because environmental problems and the search for solutions is a "growth industry." UNEP's capacity to provide leadership on the important environmental issues of the future is growing. The organization, just fifteen years old this year, has come of age, and we urge you to recognize this fact and begin to appropriate funding befitting an organization with such a large responsibility. The environmental organizations testifying before you today have referenced programs for which UNEP is either directly or indirectly responsible. The membership of the Friends of the United Nations Environment Programme, leaders of national and regional organizations and businesses across the country, is increasing. Your support at this time for a $12 million appropriation will be applauded.

UNEP'S ROLE IN THE GREENHOUSE GAS ISSUE

RATIONALE FOR UNEP'S INVOLVEMENT

The probability of a changing global climate caused by increasing concentrations of radiatively active gases in the atmosphere is considered to be one of the most significant environmental issues of the present and coming decades.

The changing atmosphere is a consequence of humankind actions through the burning of fossil fuels and the uncontrolled emission of waste gases to the atmosphere. The 'outer limit' of climate - the limit to which it can be stressed before permanent alteration occurs - has been reached. The accumulation of carbon dioxide, chlorofluorocarbons and other gases in the air is such that global temperatures have risen above the norm and the global ozone shield has been depleted. Acid precipitation and accumulation of toxic pollutants are other manifestations of the issue.

All geographical regions and all environmental sectors are likely to be affected, to a greater or lesser degree, by future climate change. The social and economic well-being of people may be severely disrupted.

There is scientific consensus that climate will change and that the consequences, in general, will be undesirable. Virtually no actions are underway to prevent, delay or mitigate the projected change. It is a matter of some urgency to develop and agree strategies for addressing the issue. UNEP has the principal responsibility for co-ordinating the development and application of an effective global response to the problem.

THE ENVIRONMENTAL CONSEQUENCES OF CLIMATE CHANGE

If greenhouse gases emitted by humankind's actions continue to be emitted at projected rates then global mean temperatures will rise by between 1.5°C and 4.5°C. Thermal expansion of the ocean and glacier melt will raise ocean levels by between 20cm and 140cm. Changes in the global atmospheric and ocean circulations, and of regional rainfall patterns and evapo-transpiration rates will occur in ways impossible to predict with confidence. Such changes are beginning now and will continue through the next century unless action is taken to stabilize the atmosphere. Climate change cannot be prevented; however, it may be possible to limit its extent, delay its onset and institute preparedness measures designed to amelioriate the worst effects. For this to happen, it is necessary to better understand the problem and for nations to agree and implement national, regional and global measures to address the issue. UNEP must encourage the formulation of response options and facilitate the development of a co-ordinated global policy for the overall protection of the atmospheric environment.

THE CRITERIA FOR ACTION

Although management of the greenhouse gas/climate change issue is urgent, because of the still limited understanding of the problem, particularly of the effects of climatic change, the primary requirement is to better refine scientific knowledge of the issue. A logical and desirable sequence of actions should be: Assessment of the nature and scale of the problems; Identification and application of managerial options.

Despite extensive research, a common opinion among scientists is that it will not be possible to predict future regional climates with any degree of confidence in less than about fifteen years. Without accurate scenarios of regional climate impact, analyses can only border on the speculative. Additional uncertainties accompany predictions of human socio-economic consequences. Despite this, it is not possible to await the full scientific understanding of the issue before developing and applying managerial strategies, particularly if such response is designed to prevent or delay climate change. Energy control or technological remedies to prevent emissions need to be applied soon if they are to be effective. Even adaptive strategies - sea defences and water engineering projects - must be designed to be effective in the climate of the twenty-first century and also sufficient for the climatic 'shocks' which are predicted to characterise the transition from one climatic regime to another.

The lead role in UNEP's programme to address climate change naturally falls to GEMS (Atmosphere). Most ecosystems will be vulnerable to climate change and individual programme managers will have to assess the degree of vulnerability of the environmental sectors under their purview and determine a timetable for action in response to the risks. Some areas of the environmental programme are obliged into an early involvement with the climate change issue. The Oceans and Coastal Areas Programme Forest ecosystems and the Energy Sector are obvious in this regard. The implications for human health and habitation, terrestrial and marine ecosystems, water, desertification, etc. may be slightly less immediate. Nevertheless early assessment of the possible and even the 'not impossible' effects of climate change in each potential climate sensitive sector by geographical region is a paramount requirement.

Actions by the GEMS (Atmosphere) section are underway and are based on the following premises:

(i) Responds to relevant Governing Council Decisions.

(ii) Actions the recommendations of the International Conference on the assessment of the role of Carbon Dioxide and other Greenhouse Gases in Climate Variations and their impact (Villach 1985).

(iii) Builds on previous activities carried out under the World Climate Impact Studies Programme (WCIP) implemented by UNEP.

(iv) Takes account of relevant activities of international organizations and countries.

The scale of the programme is limited by the human and financial resources available to it. To overcome this restriction, efforts are made to encourage participation in addressing the greenhouse gas issue and to co-ordinate such activities within a network of climate impact studies:

(i) Governing Council Decisions

The most important of these is Decision 14/20 of 17 June 1987 which in its operative paragraphs request inter-alia the establishment of an ad hoc intergovernmental mechanism to carry out internationally co-ordinated scientific assessments of the magnitude, timing and potential impact of climate change; and to report to the Governing Council on the full range of possible responses by Governments and international agencies to anticipated climate change including possibilities for reducing the rate of climate change.

Assessments of the greenhouse gas/climate change issue have been conducted by the international organizations responsible for conducting the World Climate Programme (WMO, UNEP, ICSU) in 1980 and 1985. These assessments were made by invited international experts in the field and, in the case of the Villach 1985 assessment, based largely on a major research project, instigated and funded mainly by UNEP, and carried out by the International Meteorological Institute, Stockholm. Such assessments are considered authoritative opinions on the issue but would be insufficient as a basis for internationally agreed action to address climate change particularly if such action is to take the form of a legal instrument. In the case of the risks to the ozone layer programme an international body of representatives of Governments and Organizations having active research programmes on the issue, the Co-ordinating Committee on the Ozone Layer (CCOL) made the scientifc assessments which provided the basis for the development of the Vienna Convention for the Protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer.

An analogous body to the CCOL could produce the authoritative assessments of climate change and its impacts based on national research results. Agreed internationally, in the forum of an internationally selected co-ordinating body, future assessments would provide a basis for internationally co-ordinated action to prevent, delay, limit or adapt to a changing climate.

Although it is desirable to wait for the assesement of climate change and its impacts, for reasons already discussed, the range of possible policy responses must be developed and examined now.

A research programme must be put in place which can develop policy options based on current knowledge and projections, test them experimentally and refine them as uncertainties are reduced by research. Ideally, such a projected research programme should be linked as closely as possible to the ongoing research into physical processes affecting climate as conducted under the World Climate Research Programme (WCRP) and that projected under the International Geosphere-Biosphere Programme (IGBP).

Dialogue must also be encouraged and facilitated between scientists (physical and impact) and decision makers. Such exchanges of views are vital to developing effective and practical response options.

UNEP is co-operating with WMO and ICSU in establishing the international mechanism for assessment and is developing a project which will begin the identification of possible responses to climate change.

(ii) Villach 1985

The decision of the Governing Council noted above reflects the recommendations of the Villach 85 Conference. Among these recommendations the most important for UNEP are:

(a) Public information efforts should be increased on the issues of greenhouse gases, climate change and sea level.

Through the issue of state-of-the-art reports, press releases, brochures, books, articles, media broadcasts and audio-visual information the issue is moving to the forefront of public concern for the environment.

(b) Support of the analysis of policy and economic options should be increased. In these assessments the widest range of social responses aimed at preventing or adapting to climate change should be identified, analyzed and evaluated. These assessments should be initiated immediately and should employ a variety of available methods. Some of the analyses should be undertaken in a regional context to link available knowledge with economic decision-making and to characterize regional vulnerability and adaptability to climatic change.

UNEP is initiating four regional studies using a variety of analytical methods including scenario development, historical analogues and time series impact analysis using remote-sensed data. A similar programme for the analysis of climatic impact on marine ecosystem and coastal and adjacent marine based social and economic systems is being implemented by the Oceans and Coastal Areas Programme Activity Centre (OCA/PAC). National activities of a similar nature, carried out without direct UNEP involvement are also encouraged.

(c) Scientists and policy-makers should begin an active collaboration to explore the effectiveness of alternative policies and adjustments.

UNEP has collaborated in the holding of workshops participated in by scientists and decision-makers and is arranging for conferences where the dialogue will be continued and broadened to encourage public debate and to provide material to the research programme on policy options referred to above.

(iii)Building on the output of the World Climate Impact Studies Programme

The WCIP begun in 1980 as one of four components of the World Climate Programme is implemented by UNEP. Several activities have been undertaken related to the climate change issue and the organization has been a major actor in the two Villach Assessments of 1980 and 1985. Its programme to develop and improve climate impact assessment methodology, particularly that concerned with the International Satellite Land-Surface Climatology Project (ISLSCP) and the joint programme with the International Institute for Applied Systems Analyses (IIASA) to examine the vulnerability of food production in climate-sensitive regions have included consideration of the consequences of a future greenhouse gas induced climate change. The dissemination of information on these programmes and methods employed should have useful practical advantages for coping with climatic anomaly and change.

iv) Related Activities of nations and organizations

An important role of UNEP is co-ordination of international activities on the environment. Such is the interest in the issue of climate change that its science can be considered as one of the fastest growing. Co-ordination of research results and their incorporation into an international assessment has already been discussed. To improve co-operation in information exchange and research it is desirable that a network of national climate impact studies be established. Several countries have national climate impact programmes, others have impact groups operating independently of governmental infrastructure. Many countries are not carrying out impact research at all or are doing so in an ad hoc unco-ordinated manner. UNEP is establishing a network of the more active climate impact programmes and facilitating, by means of a newsletter, communication and co-operation among the network collaborators. Expansion of the network and encouragement of the development of national climate impact programmes where they do not at present exist will be a primary task for UNEP. The usefulness of the network will increase as the web is broadened and the mesh tightened with increasing participation, particularly if each impact team is multidisciplinary and includes economic and political dimensions through early involvement of decision-makers.

A brief description of the programme operated and planned by GEMS (Atmosphere) is included as Annex 1. Its primary aim is:

To improve knowledge of the processes which alter climate and of the impacts resulting from climatic variability and change; and

To provide a basis for action by Governments to prevent, delay or limit the impacts of greenhouse gas induced climatic change.

In view of the broad range of potential impacts of climate change on the environment It should also be an important task of UNEP to identify and, as far as possible, quantify effects on climate change in the various climate-sensitive sectors addressed by the Organization. Such action would be undertaken by individual programme managers and would consist of:

A report identifying the elements of each environmental sector most vulnerable to climate change. The report would, where possible classify the vulnerable elements by geographical region or ecological zone.

An outline of a project or projects to better quantify the environmental risks noted above and propose strategies to eliminate or reduce the risk posed by climate change.

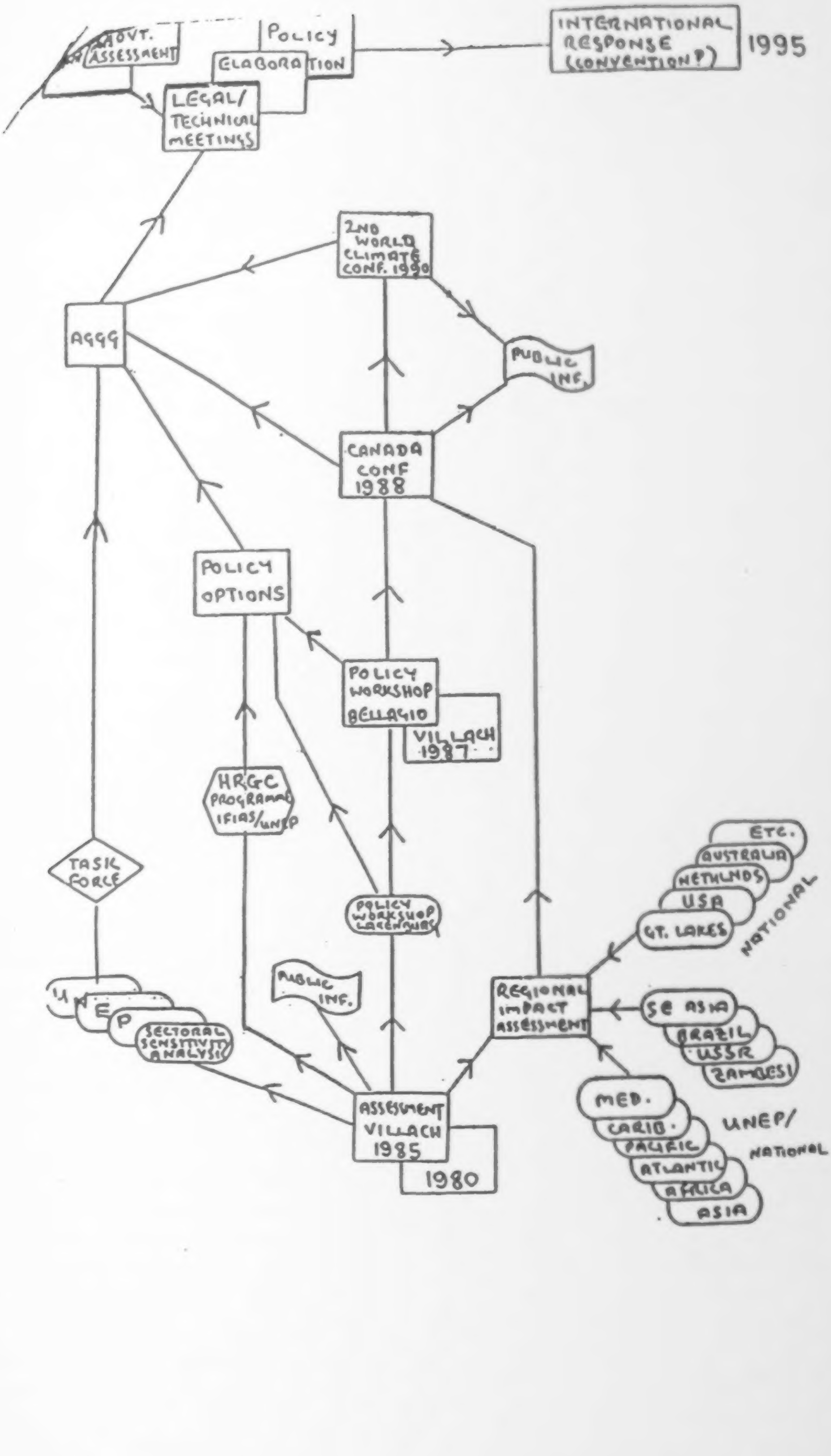
GEMS (GRID) and INFOTERRA should make proposals for the development and expansion of databases on climate change and its impacts.

The Environmental Law and Machinery Unit should examine the range of options identified by GEMS (Atmosphere) and make recommendations on the feasibility of developing and adopting one or more legal instrument to address the issue of climate change giving particular attention to the possibilities of legal mechanisms (such as global conventions) aimed at preventing or reducing the impact of climate change.

The Information Service should continue and intensify its efforts in drawing the attention of Governments, the scientific community and the general public to the issue and promoting the implementation of strategies to address the problems.

A special Task Force on Climate Change has been established within UNEP and will co-ordinate the UNEP programme on the issue.

A report by the Task Force on the UNEP and international programme on the assessment and management of the impacts of climate change will be submitted to the UNEP/WMO/ICSU, Advisory Group on Greenhouse Gases (AGGG) in 1990. The AGGG will review the report and advise UNEP, WMO and ICSU on future actions to address the climate change issue and to enable UNEP to meet its 1995 target of "Agreement on appropriate and timely measures including consideration of developing one or more international legal instruments to address the effects of global and regional climate modification arising from changes in the composition of the atmosphere caused by human activity".


GOVT. ASSESSMENT
POLICY ELABORATION
LEGAL/ TECHNICAL MEETINGS
INTERNATIONAL RESPONSE (CONVENTION?)
1995
2ND WORLD CLIMATE CONF. 1990
AGGG
PUBLIC INF.
CANADA CONF 1988
POLICY OPTIONS
POLICY WORKSHOP BELLAGIO
VILLACH 1987
HRGC PROGRAMME IFIAS/UNEP
TASK FORCE
POLICY WORKSHOP LAXENBURG
ETC.
AUSTRALIA
NETHLNDS
USA
GT. LAKES
NATIONAL
U N E P
SECTORAL SENSITIVITY ANALYSIS
PUBLIC INF.
REGIONAL IMPACT ASSESSMENT
SE ASIA
BRAZIL
USSR
ZAMBESI
ASSESSMENT VILLACH 1985
1980
MED.
CARIB.
PACIFIC
ATLANTIC
AFRICA
ASIA
UNEP/ NATIONAL

THE GREENHOUSE GAS ISSUE

CURRENT ACTIVITIES GEMS (ATMOSPHERE)

The recommendations and observations of the Villach Conference (1985), the Advisory Group on Greenhouse Gases and the Scientific Advisory Committee for the World Climate Impact Studies Programme have dictated the development and implementation of activities related to climate change, within the framework of decisions made by the Governing Council. In this connection, the following projects have been developed or co-sponsored by UNEP.

(i) Development of Policies to Respond to Climate Change

The project, implemented by the Beijer Institute, was co-sponsored by UNEP and the Rockefeller Brothers Foundation, among others. In a two stage workshop, one in Villach to discuss technically feasible options for averting or adapting to climate change, and the other in Bellagio to map out a new management agenda in light of the technical (Villach 87) recommendations, the project facilitated dialogue between scientists on the one hand, and politicians and policy makers on the other.

(ii) Inter-related Bioclimatic and Land Use Changes (European Workshop)

This project was developed by the Netherlands Government and was co-sponsored by UNEP, EEC, and the Federal Republic of Germany. It was the first project to address the implications of climate change on a wide range of socio-economic activities in a regional context.

(iii) Policy Oriented Assessment of the Impact of Climate Change

This UNEP/IIASA Project focused on bridging the gap between policy needs and research outputs in the area of climate variations and change. In particular, the project made recommendations towards the improvement of information from climate impact assessment with respect to the needs of policy makers and advisers. Project results have been published and are being widely circulated.

(iv) Vulnerability of Food Systems to Climate: An Integrated Approach to Climate Impact Assessment

The project, implemented by IIASA involved over 70 scientists from around the globe and assessed the impact of climate variation on agricultural production in a variety of ecological systems. In some cases, attention was focused on the effect of doubling CO_2 on the yield of specific crops.

(v) Greenhouse Gases: GEMS Environment Library Series No.1

As part of a programme to inform the general public about climate change, GEMS/PAC has published a popular version on greenhouse gases within the GEMS Environment Library. Under the same information programme, a TV film on greenhouse gases is under production. This will supplement the existing audio-visual kit prepared on behalf of UNEP by IIASA and which consists of slides and cassettes.

(vi) Implications of Future Changes in Sea Level, and Increased Storm Frequency Resulting from Greenhouse Gas Warming

The project is being implemented by the Climate Research Unit of the University of East Anglia. It is expected, inter alia, to provide a state-of-the-art report on sea level changes.

(vii) Socio-economic Impacts and Policy Responses Resulting from possible Climate Change: A Regional Study - Southeast Asia

Project developed in response to a call by the Villach Conference to focus on regional implications of climate change. By using appropriate scenarios and instrument data, the project will attempt to assess the possible impacts of climate change on a variety of socio-economic systems and human activities. It will also address policy responses.

(viii) World Conference on the Implications of a Changing Atmosphere for Global Security

The project has been initiated by the Government of Canada and preparatory work has already commenced. The actual conference will take place during 1988. Co-sponsors for this project include UNEP, WMO and the Canadian Government. The results of the two stage workshop (see 2.1(i) above), will provide an input to this conference to refine understanding of the climate change problem.

(ix) Climate Systems Monitoring

This project was developed jointly by GEMS/PAC and WMO. Its main objective is to improve capability in observing, monitoring and predicting the behaviour of the global atmosphere in order to facilitate long term socio-economic and environmental planning in various climatic regions of the globe.

PLANNED ACTIVITIES

The institutional framework mentioned in para 2.1 above will continue to determine the course of action to be followed by UNEP and the International Community on the the climate change issue. However, it is expected that in due course, the Advisory Group on Greenhouse Gases (AGGG) will be suplemented by an inter-governmental Committee, a move that will facilitate greater government involvement in directing international and national activities in the area of climate change. Nonetheless, plans by GEMS/PAC in the immediate future aim at responding to decision 20 of GC/14. Further, these plans focus more sharply on the areas of uncertainty surrounding climate change, and the urgent need to fill the knowledge gaps. As a first step therefore, the programme will focus on:

(i) Intensification of co-operative efforts in studying the problem,

(ii) Continuation of global and regional studies on possible socio-economic impacts of climate, and possible responses,

(iii) Dissemination of available information to the general public and governments, in forms that can be readily understood, and

(iv) Utilisation of existing and planned institutional mechanisms to undertake extensive assessments of the magnitude and timing of climate change, the possible socio-economic impacts, and to determine possible responses to such impacts.

The activities planned, and which will achieve the goals above include:

(i) The Human Response to Global Change Programme

A programme is being developed by IFIAS, the International Social Science Council and the UN University. The programme, complementary to the International Geosphere-Biosphere Programme will organize the impacts on human society of global change. The programme will seek to diagnose and propose remedies that could help to improve human response to the prospect of climate change. A range of policy options that Governments may consider will be developed as part of the Programme for submission to the UNEP Governing Council.

(ii) Socio-economic Impacts And Policy Responses Resulting from Future Climate Change: Brazil

A regional analysis to be implemented in cooperation with the Government of Brazil. The approach will be to examine past climatic anomalies and their consideration of analogues of future climate change. Policy responses employed during the historical events will be examined to determine their efficacy under conditions of climate change.

(iii) Workshops on the Implications of Future Climate Change in Africa

Three Workshops are proposed as follows:

(a) North Africa,

(b) Eastern and Southern Africa, and

(c) Central and Western Africa.

The planning of these Workshops is a logical follow-up to the successful European Workshop convened in the Netherlands during October 1987.

(iv) Socio-economic Impacts and Policy Responses Resulting from Possible Climate Change: Southern Africa

A regional study based on the deliberations in the Workshops in 3.1.1(ii) above, and a contribution to the Zambezi Action Plan by GEMS/PAC. The study will use ISLSCP techniques and available satellite imagery to assess changes in land surface characteristics resulting from human activities and climatic factors, and the impact of such changes on climate.

(v) Socio-economic Impacts and Policy Responses Resulting from Greenhouse Gas Warming in India and Bangladesh

The Indian sub-continent is the home of the monsoon circulation. Further, Bangladesh is possibly one of the most vulnerable areas with regard to climate change, in particular changes in sea level. During May 1987 a consultancy mission which developed the Southeast Asia project also visited India. The country expressed support for a project on the Socio-economic Impacts Resulting from Climate Change.

(vi) The Vulnerability of Island States to Possible Climate Change with special reference to Sea Level Rise

Many Island States in the Pacific, Indian and Atlantic Oceans are hardly a couple of meters above mean sea level. Such Islands include the Maldives, Tuvalu, Fiji etc. It is urgent that a study be undertaken using various scenarios to make realistic assessments of the vulnerability of these states to changes in sea level. The study should provide possible costs for mitigating the impacts of sea level chahges, based on a number of scenarios.

(vii) Socio-economic Impacts in the Soviet Union Resulting from Possible Climate Change

Within the context of the USA/USSR Scientific Cooperation, it is intended to undertake a study of the possible impacts of climate change on a selected ecological zone within the USSR. The study will complement similar ones in other parts of the world.

(viii) WCIP/WCRP Workshop on the use of Numerical Methods in Climate Change with special reference to the Outputs of Various GCM's

One of the uncertainties surrounding the issue of climate change is the inadequacy of the General Circulation Models which provide various scenarios. This proposed joint project between the World Climate Impact Studies Programme and the World Climate Research Programme is intended to assess the reliability of the outputs of various models and to facilitate possible inter-comparisons between such models.

(ix) International Coordinating Body for the Assessment of the Role of CO_2 and of other Greenhouse Gases in Climate Variations and Associated Impacts

During 1980 the first assessment conference was held in Villach. This was followed by similar conference during 1985. On the advice of the UNEP Governing Council and the WMO Executive Council an intergovernmental mechanism will be established during 1988 with the purpose of providing a continuing assessment of the issue, essential to determining appropriate and effective global responses to prevent or limit future climate change.

(x) The Second World Climate Conference (UNEP/ICSU/WMO)

Both the 10th World Meteorological Congress and the 14th Session of the UNEP Governing Council endorsed the convening of a second World Climate Conferenceor 1990. It is expected that the second WCC will address the issue of climate change will provide further impetus and direction to the World Climate Programme in improving understanding of the problem.

(xi) Public Information Policy on Climate Change

It is intended to develop a project in conjunction with the Information Service to devise ways through which the public could be kept continually informed about the issue of climate change and the possible socio-economic impacts resulting from such change. If popularised, advantage could be taken of the project to disseminate information on possible measures to be undertaken in order to slow down the rate of climate change or mitigate the impacts of such change. The project will constitute a strengthening of the activities mentioned earlier.

(xii) World Glacier Monitoring

This project has been developed by GEMS/PAC, UNESCO and the

Technical University of Zurich. Its main objective is to improve scientific ability to recognise and to predict trends in climatic evolution of the different climatic regimes and to assess potential environmental consequences therefrom for long term socio-economic and environmental planning.

(xiii) Effects of Climate Change in the Mediterranean Basin

GEMS/PAC and OCA/PAC are cooperating in providing GRID's GIS technology to the MED-POL Task Team on Effects of Climate Change in the Mediterranean Basin. The initial studies will examine the physical impacts of sea-level rise on current land use in five major deltas: the Nile, Madjera, Ebro, Rhône and Po. The Task Team experts will also examine ecological impacts to natural and agricultural production systems of likely temperature rises. Similar projects are being developed in other Regional Sea areas.

(xiv) Co-operative Work Between GEMS/PAC and FAO

Cooperative links have been established and operational links are being developed with FAO remote sensing data management systems for suport of agricultural production system and desert locust monitoring and forecasting, such as GIEWS (Global Information and Early Warning System), ARTEMIS (Africa Real Time Environmental Monitoring using Imaging Satellites) and, together with the European Space Agency, DIANA (Data and Images Available Now in Africa). These systems all require access to GIS technology as well as a number of GRID global datasets. They provide time series information on inter alia rainfall and green biomass. DIANA like GRID will cooperate in the ESA's Apollo communications satellite programme.

(xv) UNEP/ILCA Project on Drought Monitoring Using Remote Sensing

GEMS has an on-going study with ILCA, the International Livestock Centre for Africa (Addis Ababa, Bamako, Nairobi) to calibrate satellite data on seasonal green biomass production with "ground truth" from low-flying light aircraft. These calibrations will feed back into the other systems, such as those mentioned above, which are relying on satellite data to measure annual greening patterns and drought-related deviations from normal patterns.

(xvi) Impact of Sea Level Rise on Society

> A cooperative programme is being developed jointly by UNEP and the Netherlands Government to study the impact of sea level changes on society, and provide an inventory of vulnerable region. Case studies in the Netherlands and in particularly vulnerable coastal regions of developing countries will be developed during the coming years.

These projects are listed randomly and no attempt has been made to give priority to them. It is possible that a number of them can be undertaken simultaneously. Further no time scale is given for the accomplishment of the listed projects. Human and financial resources limitations could affect the extent and timing of implementation of the proposed programme.

SUBCOMMITTEE RECESS

Senator INOUYE. I can assure you that we will do our best to get your $12 million. Short of that, we can earmark other special programs to make certain that your concerns are adequately financed through other sources.

Ms. SPIVY-WEBER. That would be wonderful.

Senator INOUYE. One way or the other, you will get it.

Ms. SPIVY-WEBER. Thank you very much, sir.

Senator INOUYE. This subcommittee will stand in recess until Thursday at 9 a.m., June 16. At that time we will receive testimony from the Secretary of State, the Honorable George Shultz. Until then, we will stand in recess.

[Whereupon, at 7:11 p.m., Tuesday, June 14, the subcommittee was recessed, to reconvene on Thursday, June 16 at 9 a.m..]

MATERIAL SUBMITTED SUBSEQUENT TO CONCLUSION OF HEARINGS

(Clerk's Note: Additional material was received by the subcommittee subsequent to conclusion of the hearing. The statements and correspondence will be inserted in the record at this point.)

EXCERPTS from An Irish American Unity Conference SPECIAL REPORT

"THE INTERNATIONAL FUND FOR IRELAND
The Uses and Abuses of 120 Million Tax Dollars"

Submitted for The Record to The Senate Appropriations, Foreign Operations Subcommittee, June 14, 1988, by Gerald E. Coleman, National Publicity Chairman, Irish American Unity Conference

The following aspects of the operation, programs, and effects of the International Fund for Ireland are deeply troublesome. They represent some of the surface features of what may be a scandalous and frivolous misuse of American funds, either through incompetence or the willful continuation of a pattern of misgovernment and discrimination that The Fund was set up to help eliminate. They suggest that the people of the United States have received the wrong impression about how their money was to be spent.

The U.S. Congress's allocation of $120 million makes the American taxpayer by far the largest contributor to The Fund. The final $35 million of this allocation awaits Presidential certification that the IFI has distributed the initial $85 million in accordance with the objectives and constraints of the Anglo-Irish Agreement Support Act of 1986.

We are distressed by these initial findings and are concerned that the American people may unwittingly become the financiers of the next phase of violence, hatred, and further entrenchment of the powerful over those most in need of our help.

What follows is a very brief overview of findings and highlights from the full report, excerpts from one section of the Report (Section 7, THE RECORD OF THE IFI -- THE FUNDED PROGRAMS), and recommendations relative to the International Fund.

The full IAUC Report on The International Fund can be obtained by writing to the Irish American Unity Conference INFORMATION SERVICE, 20 Maple Avenue, Waldwick, New Jersey 07463 or calling (201) 444-2779. In Washington, D.C., the Report is available through the National Office, Post Office Box 7609, Washington, D.C. 20001 or calling (202) 628-4509.

Summary of Findings and Highlights from Report
Section:

1. Preface by IAUC National President, Dr. Robert Linnon.
2. Evidence of a "Dual Economy" with selected and systemic unemployment, poverty, and sectarian discrimination.
3. British government report on failure of various legislative efforts to eliminate anti-Catholic discrimination in the economy.
4. The objectives of the IFI and the US enabling legislation in support of the Anglo-Irish Agreement; details of the nature of the Agreement and current widespread dissatisfaction with it North and South.
5. The role of the Dublin government.
6. The record of the US administration's oversight efforts vs. its responsibilities.
7. An analysis of IFI Programs (included in this overview.)
8. The organizational structure of the IFI, detailing the built-in dependance upon governmental agencies.
9. An analysis of some of the consequences of this structure: those areas most in need receiving least; automatic rejection of projects in accordance with the political interests of tne United Kingdom and the Civil Service; US funding re-circulating through the N. Ireland bureaucracy, including the outright purchase of a government owned building; imbalances in geographic distribution.
10. Details about who is satisfied with the IFI and who is not;

and British resistance to setting up an independent IFI.
11. The potential dangers inherent in IFI as it is currently structure and operating.
12. Recommendations.

Section 7.0 (Excerpts) THE RECORD OF THE INTERNATIONAL FUND THE FUNDED PROGRAMS

(Note that the figures below are in pounds sterling. As a general rule of thumb 1 pound is equivalent to almost 2 US dollars.)

7.1 **Establishing Budgets in Advance** Before looking at the funded programs, we are concerned about how THE EXACT BUDGET AMOUNTS for each program was determined, given the fact that they were established before and while applications were being officially accepted.

7.2 **Self Interest and The Influence of the N. Ireland Bureaucracy** A possible answer to this concern is that the Northern Ireland Civil Service and "various bodies" within the government were solicited "to make recommendations as to the expenditure in its own specialized field" (from an interview with Mr. Charles Brett, Chairman of the Board of the IFI.) IS IT SOUND POLICY, ECONOMICALLY AND POLITICALLY, TO USE GOVERNMENTAL BODIES IN N. IRELAND TO HELP PLAN AND ADVISE ON BUDGETARY DECISIONS, CONSIDERING THAT AMERICAN FUNDING FOR CERTAIN PROJECTS WITHIN THE DOMAINS OF THESE BODIES MIGHT RELIEVE THEM OF THE RESPONSIBILITY TO FUND THEM THEMSELVES?

7.3 **A Carbon Copy of Government Agencies** WE ARE CONCERNED THAT ANOTHER BY-PRODUCT OF THIS PROCESS IS THAT THE IFI WOULD TEND TO BE NO MORE THAN A REPRODUCTION OF THE N. IRELAND BUREAUCRACY. The announced programs of the IFI do indeed appear to be carbon copies of N. Ireland Agencies, e.g., The Investment Companies = Local Economic Development Units (LEDU); the Tourism Development Program = The N. Ireland Tourist Board; The Agriculture and Fisheries Program = The Department of Agriculture, etc. WE QUESTION HOW THE DUPLICATION OF AN ALLEGED SOCIALLY AND ECONOMICALLY BIASED BUREAUCRACY CAN COME TO ANY GOOD.

7.4 **The Civil Service and Discrimination** The Fair Employment Agency undertook a massive investigation into the N. Ireland Civil Service. Their 1983 report on the N.I.C.S. discloses that "...The overall pattern of employment indicates that there has not been equality of achievement between the two religious groups." It adds that "whatever may be the factors affecting the promotion rates of Roman Catholic males the projections carried out do not suggest that Roman Catholics will be adequately represented in the most senior grades in the short term."

Bew and Patterson put the situation more forcefully, "The Northern Ireland Civil Service was one of the main areas where the Unionist regime had systematically chosen to demonstrate its 'Protestant' character." (Bew, P. and Patterson, H, "The British State and the Ulster Crisis", Verso, London 1985)

7.5 **A Bad Idea** This past discriminatory record of the Civil Service certainly indicates to us that using the Civil Service to administer any aspect of the IFI is a bad idea. It may or may not be true that the Civil Service is getting its act together with regard to anti-Catholic discrimination, but whatever changes that are in progress are the direct result of FEA action. Moreover, it is expected that it will take many years before Catholics are proportionally represented in decision-making positions. (See section on the Structure of the IFI for more details about the N.I.C.S.)

The ANNOUNCED PROGRAMS:

I. **Two Investment Companies (10 million pounds sterling)**

7.6 Two "venture capital companies" to loan and buy stock in companies "already demonstrating commercial potential and long term profitability", one based in the North and one in the South, were incorporated by the Fund in September '87.

7.7 **Commercial Potential** We are concerned that emergent, nationalist enterprises, GENERALLY ACCEPTED TO BE AMONG THE MOST IN NEED, will not be able to DEMONSTRATE THEIR COMMERCIAL POTENTIAL AND LONG TERM PROFITABILITY because of various factors beyond their control, such as, their location in predominantly Catholic areas, lack of managerial and financial experience, or lack of track record of past success.

7.8 **Qualifications and Sympathies** WE ARE SKEPTICAL THAT THE BOARDS OF THESE COMPANIES, ALL SUCCESSFUL BUSINESS PEOPLE, ARE SYMPATHETIC TO AND UNDERSTAND THE SOCIAL AND ECONOMIC SITUATION IN NATIONALIST AREAS OF HIGH UNEMPLOYMENT.

The members appointed to the IFI (Northern) Investments Ltd. are:
W. Carson, FCA, Chairman; PRICE WATERHOUSE, Belfast
D. McGuane, W. & R. JACOB PLC
Sir Ewart Bell, ULSTER BANK LTD.
J. Doherty, JAMES DOHERTY LTD.
J. Comerton, SOLICITOR
Miss K. Dunlop, ULSTERBUS LTD.
C. Denny, MC LAUGHLIN & HARVEY PLC

Although these individuals may be investment experts and successful industrialists, the IFI was not funded by the U.S. CONGRESS to simply make the most money for the economy of N. Ireland, but to "promote a society in N. Ireland in which all may live in peace, etc..."

7.9 **Interlocking Boards and Conflict of Interest** We are alarmed that two members named to the Northern Investment Board, Mr. Doherty and Sir Ewart Bell, are also sitting members of the Board of the IFI. Can it be true that the IFI Board installed two of its own members to the Board of the N. Ireland Investment Company? If this is the case, as is indicated in the IFI's First Annual Report, we feel that this is a clear conflict of interest and could lead to serious abuses of power. Certainly the appearance of impropriety is evident and indicative of a disregard for sound policies and equitable process.

7.10 **The Record of One Board Member's Firm** UlsterBus Ltd., one of the companies with a representative on the Investment Company Board, has been recently criticized for unfair hiring practices, specifically, for hiring major executives from within without public notification as is required by principles of fair practice.

"I very much regret that a public body should behave in this way," said SDLP employment spokesman Sean Farren in a recent statement, "There is no reason why Ulsterbus should be made an exception to the type of procedure the FEA are trying to introduce for public and private sector appointment." ("The Irish News", December 23, 1987)

Ulsterbus and Citybus have both been under investigation by the FEA for the past several months and a final report is expected by the summer of '88. Liam Clarke, a reporter for the "Irish News", states that "it is understood that Catholics are seriously under-represented in senior positions. An examination of personnel records have shown that none of the Ulsterbus/Citybus's four area managers are Catholics and no Catholic has ever been employed as a depot manager by Citybus."

7.11 **Ulster Bank** The FEA also found indications of fair employment violations at another of the IFI (Northern) Investments Ltd.'s Board member's parent company. The FEA found a low level of Catholic employment and a very low level for Catholic males at Ulster Bank.

7.12 **Indirect Discrimination** The problem of "indirect discrimination" permeates the N. Irish economy. James Hawthorne, Chairman of the FEA's Publicity and Education Committee, said "The pattern of nepotism which is tied to religious groups, tied to where you live and who you know is the pattern which perpetrates discrimination in the sense that most discrimination is indirect." (Irish News, 10 March 88)__ In the same Irish News article FEA Chairman Bob Cooper said that even if direct discrimination was removed, there would still be a major problem in employment practices in N. Ireland.

7.13 **Unqualified to Protect Against Direct and Indirect Discrimination** It is vital, therefore, that Investments Companies and Business Opportunity Schemes set up by the IFI be free, not only of direct discriminatory practices, but indirect practices as well. We see no indication that the men and woman on the Board of The IFI (Northern) Investments Ltd. are qualified to guarantee that this does not happen.

7.14 Geographic Discrimination We are also concerned that the companies that are to be invested in will not be distributed fairly throughout the Six Counties and will be located principally in "SAFE" Loyalist areas "EAST OF THE BANN", which has been traditionally the case with expenditures of British and European Economic Community Funding. TRUSTING THAT THE IFI BOARD OR THE INVESTMENT COMPANY BOARD WILL AUTOMATICALLY DO SO IS NAIVE AND PERHAPS EVEN IRRESPONSIBLE. (see section of this report "Imbalances of Distribution: East vs. West")

II. Tourism (8.9 million pounds)

7.15 This program is designed to "attract private investment into the development of good quality tourism products, primarily for the fast growing market for specialist and activity holidays" to be run for the IFI by the Department of Economic Development and the N. Ireland Tourist Board, to fund an "Accommodations Amenities" improvement scheme and a "Tourism Amenities Development" scheme including "angling facilities, waterways development, sailing/marina development, equestrian facilities, cultural/folk entertainment, and archaeology/heritage", the building of new hotels in N. Ireland and advertising abroad to fill them, and selling Ireland "as a golf destination." Another feature of this scheme is the allocation of funds for an archeological dig in the County Armagh as a tourism venture.

7.16 **Forget Tourism -- Try Jobs** Michael Harron, a school teacher and Chairman of Enterprise House, a job-creation project based in Nationalist Strabane, struck out at the way millions of aid money for the IFI were to be distributed. Mr. Harron's remarks were the focus of a Derry Journal article entitled, "Strabane Enterprise Chief Says: FORGET ABOUT TOURISM, TRY FOR JOBS" (31 March 1987):

> "Mr. Harron believed that spending the money on improving and modernizing bedroom accommodations in border counties was a bad idea especially when one third of the accommodation was consistently empty.
>
> He is adamant there is need for projects developed locally which will help created jobs and stimulate the economy.
>
> Mr. Harron has done extensive research on what he feels are the needs of local people and has submitted his findings to the IFI for consideration for funding."

Strabane is located in a very high area of Catholic unemployment West of the River Bann.

7.17 **Cynical Disregard** The unemployment and misery endured by the Nationalist population of N. Ireland should not be overemphasized, but neither should the plight of these people be treated with cynical disregard. If the IFI was not intended solely to improve conditions for these people, then it surely was not created to ignore them or insult them. If there is one thing that the people in the Catholic ghettos of West Belfast, Strabane, or Derry's Bogside do not need to see advertized in their local newspaper is a grant program calling for projects for "adding visitor amenities such as conference rooms, swimming pools, saunas, tennis courts, etc." and "works which may include"

Angling, Sailing, Equestrian, and "Great Houses and Gardens." While we realize that every program need not focus on "those most in need", we view this IFI program as an utter absurdity and a disgraceful lack of sensitivity to the needs and feelings of those who live in the midst of tragic unemployment and social decay.

7.17 **Ten Weeks of Work Is Not a Job** THE TOURIST SEASON IN THE NORTH OF IRELAND IS VERY SHORT AND TOURISM JOBS ARE USUALLY LOW PAYING, PART-TIME, AND DEMEANING. HOW CAN THIS PROGRAM HELP THOSE MOST IN NEED? It appears to help primarily hotel owners, or are they proposing to build a golf course in war-torn, poverty riddled West Belfast? THERE IS LITTLE DOUBT THAT TOURISM CAN GENERATE CAPITAL, BUT CAN IT GENERATE FULL TIME JOBS? We see no indications that it can.

It must once again be emphasized that the American contribution to the IFI is not intended to boost the economy of the U.K., nor N. Ireland, nor the Republic of Ireland, but to use economic measures to help those most in need and to help promote a society that can be free from discrimination, poverty, and civil conflict.

WE ARE CONCERNED THAT SUCH A LOW JOB-INTENSIVE INDUSTRY AS TOURISM WILL NOT ACCOMPLISH THE INTENT OF THE U.S. CONGRESS FOR ITS IFI CONTRIBUTION.

III. Urban Development (5.5 million pounds)

7.18 This program offers grants to private sector projects including commercial, retailing, offices, tourism, recreation, entertainment and housing primarily in commercial areas and town centers.

7.19 British Urban Plan The British government has its own Urban Development Grant which recently put 10 million pounds into Belfast City Center. The project, called the Belfast Urban Area plan, was criticized by local organizations and in the press as being ineffective in channelling resources to those most in need.

The Belfast Urban Area plan sets out the strategic guidelines for the development of Belfast to the turn of the century. The core of the plan revolves around housing, industry, commerce, the environment, transportation, shopping and the city center -- very much like the IFI program does. The principal complaint seems to be that promises of community participation in the planning process have been ignored.

7.20 Community Reaction "Disgraceful", "woefully inadequate", "inadequate consultation and insufficient time allowed for comment", "too many people still unaware of how the plan will affect them" and "too short a time allowed for objections" are how some community groups characterize the process. ("Urban area plan: Now For Round Three", Kevin Magee, Fortnight, February 1988)

Community Technical Aid (CTA), set up in 1984 to assist community and tenants' groups with technical advice on planning, is at the center of the debate. The principal objections of CTA include:

* consultation has been inadequate;
* the plan fails to address local issues;
* interpretation is difficult and its local effects are impossible to determine;
* the plan is directed towards the more affluent;
* private housing is given priority over public;
* the industrial and commercial strategy fails to address today's needs;
* shopping concentrates on the city center to the detriment of traditional community shopping areas;
* the transportation strategy is inadequate and car-dominated, paying scant attention to public transport;
* leisure, the position of women, educational minority needs and the natural environment are ignored.

- (Fortnight, Feb '88)

WE ARE CONCERNED THAT THERE ARE NOT SUFFICIENT SAFEGUARDS TO ASSURE THAT US DOLLARS WILL NOT BE REPLACING BRITISH POUNDS THAT WOULD HAVE BEEN ALLOCATED TO THESE PROJECTS. IT IS OBVIOUS THAT URBAN DEVELOPMENT IS ALREADY TO SOME DEGREE THE RESPONSIBILITY OF THE BRITISH GOVERNMENT. IT ALSO APPEARS THAT THERE IS ALREADY COMMUNITY CONCERN THAT THEY HAVE NOT DONE A VERY GOOD JOB.

7.21 **Urban Project Patronage** A recent example of abuses of funding designed to be used for an "Urban Recreation Project" was exposed by several West Belfast community leaders. Alex Attwood, a West Belfast city councillor, attests that the city's Parks Department was recruiting people without "hint of justice and fair play." Attwood said that the 40 posts that were filled for a summer recreation scheme were filled on a "patronage" basis by Unionist council officials appointing "friends and relatives of people connected with the schemes."

Attwood added that these incidents go to prove that whatever power "the unionists on Belfast City Council have, they will use in a discriminatory and bigoted fashion." (Andersonstown News, 7 May '88)

IV. Agriculture and Fisheries (3.5 million pounds)

7.22 This program is designed to assist "novel projects" such as "the rearing of non-thoroughbred horses, deer, goats and game birds, geese, and ducks and rabbits" and other projects connected with natural resources such as fisheries research.

7.23 **"Novel Projects"** We are concerned that some of these "NOVEL PROJECTS" are adventures that britain and the E.E.C. have already rejected funding. How dies the I.F.I. propose that the "REARING OF GEESE, AND DUCKS AND RABBITS" will benefit those most in need?

7.24 **Under-representation by Catholics** Some of the funding in this program is designated for research efforts. Research and teaching positions in the field of agriculture are generally under-represented by Catholics. For example, a recent independent study of faculty positions at Queen's University by Dr. Ruport Taylor, Kent University, indicated that of a total of 61 posts in the Agriculture Department, only 1 was an Irish Catholic, while 33 were Irish Protestants.

V. Science and Technology (6.5 million pounds)

7.25 This program makes funds available for research and development projects and hopes that funds can be "recirculated through royalties on the sales of products or services developed." This research funding is to go primarily to government owned technology parks and to various departments at Queens University Belfast and the University of Ulster.

7.26 **Low Rate of Catholic Participation in This Sector of The Economy** Both Universities have been investigated by the FEA for discriminatory hiring practices; both are already receiving substantial government funding. It is also of interest to note that Roman Catholics have a low rate of participation in the Engineering industry, as was detailed in the FEA's 1984 Annual Report. A 1987 Policy Studies Institute report ("Equality and Inequality in Northern Ireland") shows that twice as many Protestants work in the Energy and Engineering sector of the economy as do Catholics and that Catholics who do "work" in those fields are 2.7 times more likely to be unemployed as are Protestants. Targeting the equivalent of $13 million into this area of the economy by the IFI could be considered, because of the nature of the demographics involved, discriminatory.

7.27 **Discrimination at Queen's University Belfast** Dr. Ruport Taylor's study of Queen's University, cited above, also discloses the following discriminatory patterns (the study was done prior to the FEA's investigation into the two Universities):

* that while 38% of the Lecturers at Queen's University were Irish Protestants, only 7% were Irish Catholics, the remaining being of various religions from England, the Continent, etc.
* between the civil rights days of 1969 and 1982, only 29 new posts went to Catholics compared to 158 that went to Protestants
* the figure for the Law Faculty's Catholic employees is down from 10.5% in 1969 to only 6% in 1982 - 1983
* the Medicine Faculty has 26 Protestant professors, 0 Catholic professors
* while all of this was taking place, the student body was becoming increasingly Catholic, workingclass, and female

7.28 **Faculty Senate and the Official Unionist Party, Big Business** Representation is not only skewed towards Protestants among academic staff, but also within the decision-making structures of the University as well. Ruport Taylor reports, "Of the top 50 who have served on Queen's Senate in the period 1968 - 1983 only five have been Catholics. Whilst there are no political appointments to Senate it is evident that it is highly interlocked with Northern Irish big business." ("Four To One Imbalance In Queen's Academics", Fortnight, October 1986)

Taylor's research included an elaborate "Sociogram" showing the interconnections between Queen's Senate and the Official Unionist Party and the "top 30" Northern Ireland companies. Of the scores of "interlocks" detailed, only one represented a Catholic interconnection with these sources of power and influence: Banks/Finance, Textile/Clothing, Engineering, Agriculture, Other business interests, and Public Boards.

7.29 **University of Ulster** Also of interest in assessing IFI funding in this area is the fact that before the FEA investigation the University of Ulster has refused to even sign the non-binding Fair Employment Declaration, indicative of very little more than an ATTEMPT to apply fair employment practices. ("Feathers Ruffed On Campus By FEA Leak", Robin Wilson, Fortnight, October, 1986)

7.30 **IFI funding to Queen's University and the University of Ulster**

The following "priority projects" have been announced by the Board of the IFI involving Queen's University and The University of Ulster as of January '88:

Queen's University Belfast	
- Support for the establishment of a Technical Advisory Service for the construction industry	31,000
- The creation of a Research Centre for Environmental, Process and Analytical Chemistry to service Industry and modeled on the USA National Science Foundation Scheme	69,000
- The creation of a joint Process Design Centre (with Regional Technical College, Cork) capable of designing specialized process plant primarily for the chemical engineering industry	238,000
- The joint development (with University College, Galway) of commercially viable test kits for biochemical assays in important areas of medical science	216,000
- Agreement in principle to the provision of up to 1 million pounds, to exploit, in collaboration with industry new technology developed in Queen's University. The Fund's investment would be on a matching pound for pound basis with the private sector	1,000,000
University of Ulster	
- The establishment of a Development Chair in Information Technology at Magee College, Derry	250,000
TOTAL funding for both Universities	1,804,000

7.31 The Direct Beneficiaries and Catholic Under-representation When assessing the impact that these programs might have upon those most in need, it is important to not only keep in mind the sectarian nature of the various departments at these two Universities, which would be the direct beneficiaries of these funds, but also the fact that Catholics are acknowledged to be under-represented in the employment fields of science, technology, and engineering, among others (SACHR Report "87).

VI. Wider Horizons (6.5 million pounds)

7.32 These funds have been allocated to enable managers, workers, and students to travel abroad to gain experience and training. One such scheme has students visiting architectural sites in Belgium and Paris.

7.33 Three Months in Denmark One recent "Wider Horizons" award went to pay for a three month stay in Denmark for nine Derry young people as well as teenagers from other parts of Ireland. While there they hope to achieve "a broader outlook on life and work skills which would help them gain employment" and to "work on a special project, My Ireland, which is intended to explain Ireland's present 'Troubles' to a community with no political or religious divides." ("ACE group for Denmark", Mary Campbell, Irish News, April 15, 1988)

In what way can the IFI justify this most bizarre use of money intended for the relief of distress? If anything it can only "WIDEN THE HORIZONS" of the few. How will visiting Europe create a single job for them back home? The Irish unemployed do not need culture; They do not need more training; nor do they need to explain the "TROUBLES" TO DANES; they need jobs.

Section 12.0 THE IRISH AMERICAN UNITY CONFERENCE RECOMMENDS:

1.) THAT THE FINAL INSTALLMENT OF $35 MILLION BE WITHHELD FROM THE INTERNATIONAL FUND FOR IRELAND UNTIL:

A.) ALL OF THE PRESENT AMERICAN CONTRIBUTION OF $85 MILLION HAS BEEN DISTRIBUTED BY THE I.F.I. (A SIGNIFICANT PORTION OF IT HAS YET TO BE ALLOCATED) SO THAT A PROPER ASSESSMENT CAN BE MADE. THE AGENCY FOR INTERNATIONAL DEVELOPMENT IS BEING ASKED TO REPORT UPON, AND CONGRESS ASKED TO VOTE FOR ADDITIONAL FUNDING FOR, A FUND WHICH HAS A GOOD DEAL OF AMERICAN DOLLARS YET TO DISPOSE OF.

B.) AN EXPERT, INDEPENDENT ASSESSMENT OF THE INTERNATIONAL FUND CAN BE MADE, FOCUSING UPON THE METHODS USED TO AWARD GRANTS AND WHETHER THE GRANTS AWARDED MEET THE STANDARDS SET BY THE U.S. CONGRESS IN THE ANGLO-IRISH AGREEMENT SUPPORT ACT OF 1986

2.) THAT AN OFFICIAL GOVERNMENT ACCOUNTING OFFICE AUDIT BE UNDERTAKEN IMMEDIATELY AND CONGRESSIONAL HEARINGS IN THE I.F.I. BE HELD AS SOON AS POSSIBLE

3.) THAT ABSOLUTELY NO MORE AMERICAN DOLLARS BE SENT TO NORTHERN IRELAND, EITHER TO THE I.F.I. OR THROUGH ANY OTHER SUCH "FINANCIAL AID PACKAGE", UNTIL A FAIR AND JUST SETTLEMENT OF THE CONTINUING CONFLICT AND SOCIAL INJUSTICE IS AGREED UPON BY THE PEOPLE OF NORTHERN IRELAND, OR, THAT AT THE VERY LEAST, A TOTALLY INDEPENDENT AND NEUTRAL AGENT, OUTSIDE OF THE SYSTEM AND OUTSIDE OF THE POLITICS OF POWER, HAS CONTROL.

4.) THAT WORDING BE DEVELOPED TO ADD TO ANY ADDITIONAL FUNDING PACKAGE TO SPELL OUT THAT THE U.S. CONTRIBUTION MUST:

A) EMPHASIZE THE CREATION OF AN INDUSTRIAL BASE THAT LEADS TO REAL AND PERMANENT JOBS, NOT THE LIKES OF TRAVEL SCHEMES AND TOURISM AMENITIES PROGRAMS

B) AND THAT THESE PROJECTS DO NOT DISCRIMINATE INDIRECTLY AGAINST ANY SECTOR OF THE COMMUNITY, BUT PARTICULARLY THOSE MOST IN NEED, BY POURING EXCESSIVE RESOURCES INTO SECTORS OF THE ECONOMY SERIOUSLY UNDER-REPRESENTED BY THE RELIGIOUS MINORITY SUCH AS ENGINEERING, SCIENCE, TECHNOLOGY, PROFESSORIAL CHAIRS, AND INDUSTRIAL CENTERS EAST OF THE BANN

US/ECRE
UNITED STATES EXPORT COUNCIL FOR RENEWABLE ENERGY

TESTIMONY

by

SCOTT SKLAR
EXECUTIVE DIRECTOR
U.S. EXPORT COUNCIL FOR RENEWABLE ENERGY

INTRODUCTION

The U.S. Export Council for Renewable Energy (US/ECRE) is the umbrella group of the eight national renewable energy trade associations promoting exports of alcohol fuels, biomass, geothermal, hydropower, passive solar, photovoltaics, solar thermal, wind and wood energy technologies and services.

The international markets have been increasing for all of these technologies. The United States Congress passed PL 97-370 to coordinate U.S. export policy and establish a federal interagency board, the Committee on Renewable Energy Commerce and Trade (CORECT).

The U.S. renewable energy industries need some special assistance from this Subcommittee which should not cost additional monies:

a The energy office for the U.S. Agency for International Development must be maintained at the $10 million level.

b. US/AID energy activities must be directed to develop a stronger interface with the private sector through the establishment of a U.S. Renewable Energy Industry Advisory Council.

c. US/AID should be directed to provide a brief report to the Subcommittee on its activities and practises which encourage or discourage the use of renewable energy technologies overseas, and ways to correct and refocus their efforts.

Although US/AID's energy office participates in CORECT, most industry liaison activities are directed by research and consultant firms. The Japanese, who are increasing their international marketshare, are using their national development programs to build market bridgeheads in the Third World. Renewable energy technologies are an important development tool that needs to be encouraged in our development program. I have testified before the Subcommittee last year and wish to thank you for your continued support. I have elaborated on each of our recommendations on the following pages.

US/AID OFFICE OF ENERGY

The U.S. Agency for International Development (US/AID) has attempted to promote renewable energy applications as potential options for developing countries. In a recent report on US/AID's renewable energy program, they lament on few succesfull projects in which they conclude might be due to the fact that the projects were not enduring. In fact, many renewable energy projects did not continue after US/AID funding stopped. Technically, the projects were fine but frankly there are a multitude of issues regarding the success of energy projects that only companies with hands-on experience know.

Renewable energy development is an essential component for any developing country to build its economy. Developing countries are increasingly reliant on oil imports. Our trade deficit hinders U.S. development, and we are one of the richest countries in the world. Continued energy imports for the less developed countries not only stifles their economic growth but impedes their ability to pay their debts or ever improve the quality of life.

Continued efforts by the United States to utilize US/AID's program to assist less developed countries become more self reliant is an important goal. The energy office is the focal point of that effort that deserves level support in FY'89.

PRIVATE SECTOR INTERFACE

While the U.S. renewable energy industry urges continued level funding for FY'89 at the $10 million level, we also urge that the U.S. Congress direct this program to become more collaborative with U.S. industry. Obviously, the U.S. industry is aware that US/AID's mission is not to promote U.S. industry. However in this case, the products and services that the U.S. renewable energy industry offers clearly fit within U.S. government's development goals.

Establishment of a more formal relationship with our industry that exports more than sixty percent of our technologies to the Third World, would assist US/AID in planning development projects that are more lasting. Greater cooperation with US/AID will allow our industries to expand our overseas markets where we are facing extreme competition.

REPORT ON RENEWABLE ENERGY PRACTISES

When I testified before this Subcommittee regarding procurement practises by US/AID. I reported that US/AID in Cyprus was specifying solar hot water systems from Greece rather than U.S. solar systems. I also reported that US/AID in Egypt specified Danish wind systems rather than U.S. wind technology. US/AID reported to your Subcommittee that the company receiving the procurement award was a United States corporation. In fact the corporation was incorporated in the United States but totally owned by a Danish conglomerate.

While the Japanese expertly use their development programs to promote cost-effective Japanese technologies, the United States seems aloof to the trade implications of our development policies. A directive from the Subcommittee requiring education programs for US/AID in-country staff so they can become acquainted with U.S. technologies, products and services that have positive development potentials. Obviously this recommendation goes beyond just renewable energy technologies but is directed towards industries whose equipment and services are predominantly exported to US/AID countries. Technical literacy is essential for US/AID staff and the U.S. industry believes in-country education seminars as a fundamental step in the right direction.

As the 1988 US/AID report on renewable energy indicates, comparatively little renewable energy procurement is going on. The U.S. renewable energy industries strongly urges the Subcommittee to request a brief statistical annual report on renewable energy and conventional energy aggregate procurement numbers. The report is a useful requirement that is absolutely essential to maintain Congressional oversite in this area.

Overall, the US/AID energy office has become far more consultive with the U.S. renewable energy industry as a result of their involvement on the Committee On Renewable Energy Commerce and Trade (CORECT). While the consultation and interest is appreciated, energy activities need to become less esoteric and more development oriented. The 1988 efforts by US/AID to assist in arranging technical seminars on behalf of the U.S. wind industry in India is illustrative of a successful model program in support of industry. US/ECRE commends US/AID for this effort and recommends further activities in this direction.

RENEWABLE ENERGY AS A DEVELOPMENT TOOL

Most developing countries are importing vast amounts of petroleum. Most developing countries, if they have electricity, are experiencing severe energy shortages and shortfalls. More than seventy percent of the world's population has little or no access to electricity. Most developing countries do not have the resources to purchase large-scale power plants.

Most development policies of the international development banks and the U.S. Agency for International Development invest the largest share of development dollars to support finite fuels -- petroleum, natural gas, and coal. While supporting renewable energy applications would cut energy imports, most development efforts focus on energy production rather than trade balance issues.

Many developing nations are experience severe health and agriculture problems related to uncontrolled burning of coal, diesel and residues. Acid rain and toxic emissions effect many countries in Africa, Asia and the Caribbean Basin. Yet, ancilliary health concerns seem inconsequential when countries are attempting to sustain mere economic survival. Renewable energy development does not have the severe environmental problems that conventional resources offer.

According to The World Bank and U.S. Department of Energy studies, more than 30 percent of medicines are lost in Third World countries due to unreliable supplies of diesel fuel for refrigeration.

Photovoltaic and wind powered refrigeration systems are becoming a technology of choice due to the short payback when medicine loss is taken into account. These types of tangible benefits go unnoticed unless greater interaction between the U.S. Department of Energy, U.S. Agency for International Development, and U.S. renewable energy industry.

The U.S. Export Council for Renewable Energy (US/ECRE), with support from the U.S. Department of Commerce International Trade Administration, sent industry teams to the Pacific Rim in 1987 and in 1988 to the Caribbean Basin. Our teams found a wide range of cost effective renewable energy applications that went far beyond utility grid extension, water pumping, and health care.

In addition, Solar heating applications for hotels and to stabilize temperatures for chicken raising appear to be expanding markets. Solar and biomass heaters for grain and fruit drying will surely have beneficial economic impacts. Remote wind and photovoltaic battery charging systems are becoming more commonplace for phone switching and lighting. Literally thousands of cost effective applications are possible with basic federal assistance in promoting logical uses of this new technology.

The United States is a leader in alcohol fuels, cogeneration, geothermal, hydropower, passive solar, photovoltaics, solar thermal, wind and wood energy technologies and services. Greater cooperation and support from federal agencies will expand these markets for U.S. industry and have a highly beneficial effect on the economies of the Third World. These benefits are important to understand as the basis to continue funding US/AID energy activities.

CONCLUSION

The United States leads in a wide assortment of renewable energy technologies and services. These technologies have very beneficial aspects to the economies of the Third World in displacing energy imports, cleaner environment, more reliable healthcare, greater access to electricity, and a stronger rural sector.

The U.S. Agency for International Development (US/AID) must cointinue to have funding at the $10 million level in FY'89. The program is essential to a viable United States development program.

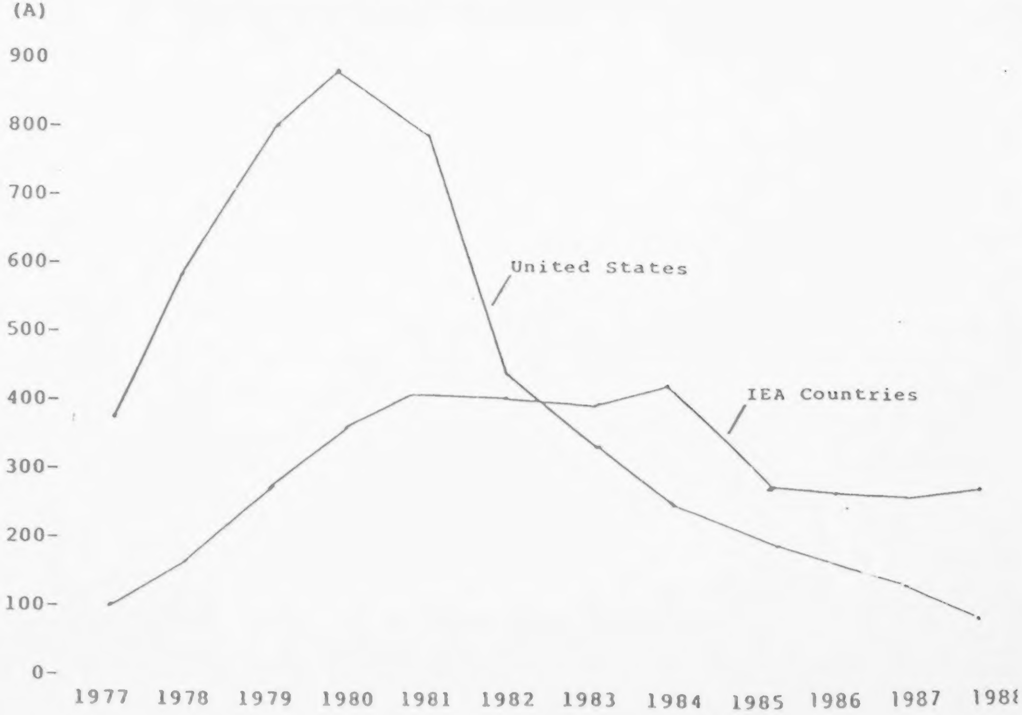
Aggregate statistical reports should be required on the kinds of energy investments US/AID is making with certain qualification and quantification of renewable energy support and obstacles.

Programs should be initiated to provide education seminars to in-country US/AID staff on renewable energy and other technologies which are generally exported by U.S. companies primarily to Third World markets.

A renewable energy industry advisory group should be established for the US/AID energy office to receive unbiased input beyond the usual cadre of technical advisors and consultants.

Thank you for the opportnuity to testify before the Subcommittee.

US/IEA GOVERNMENT R&D BUDGETS FOR RENEWABLES IN 1985
US DOLLARS (1977-1988)



IEA COUNTRIES: Australia, Austria, Belgium, Canada, Denmark, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdon

AXIS (A): In millions of U.S. dollars

RENEWABLE ENERGY ELECTRICAL GENERATION IN THE UNITED STATES AS OF MARCH 1988 *

Anaerobic Digestion		17.94 MW
Geothermal		1,578.80 MW
Landfill Gas		49.82 MW
Municipal Solid Waste		630.60 MW
Photovoltaics		13.27 MW
Solar Thermal Power		110.25 MW
Wind		1,223.20 MW
Wood/Agricultural Waste		3,189.26 MW
	TOTAL	6,813.14 MW

* Does not include hydropwer (approx 73,000 MW)

** Does not include plants under construction (approx 2,500 MW)

*** Does not include conservation and energy management applications installed with renewable eergy options

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

HARRY E.B. SULLIVAN, DEPUTY DIRECTOR
NATIONAL FOREIGN RELATIONS COMMISSION

STATEMENT ON FOREIGN AID

The American Legion welcomes this opportunity to submit its views in support of full funding for foreign aid in accordance with Resolution 417, adopted at the 68th National Convention in 1986 (enclosed). Foreign aid is a necessary and effective tool of U.S. foreign policy. When administered with foresight, honesty, and prudence, foreign aid helps to increase economic development, stabilize economies under stress, relieve human suffering, and bolster self-defense capabilities of our friends and allies. A frequent by-product of foreign aid is adoption of some tenets of a market economy as recipient nations become aware of the increased productivity brought about by fostering private initiative and competition through free enterprise and competition.

We urge full funding of the foreign aid request for FY 89 as stated in the Congressional Presentation:

Multilateral Assistance	$ 1,524,349,000
Bilateral Assistance	6,159,620,000
Military Assistance	5,622,696,000
Food Assistance	1,407,000,000
Total Foreign Aid	$14,713,665,000

We believe the foregoing request represents the absolute minimum funding required if US national interests are to be protected, even to a minimum degree.

Many Americans view foreign aid only as a "give away" that unnecessarily drains resources which could be put to better use here at home to relieve unemployment, increase welfare, or aid community development. Actually, foreign aid has a real, net positive "pay back" to our country. First and foremost is the fact that foreign aid helps protect our national security by giving our friends and allies the military equipment, supplies, and training to provide for their own security. This in essence provides a first line of defense for the United States outside our borders. It economizes on the use of US armed forces and helps other countries fight their own battles rather than relying on the youth of America to defend them. Economic assistance fosters economic development in the Third World and helps bring hope to aspiring peoples. By increasing prosperity in needy lands, foreign aid creates important markets for sale of US exports. The US export sector is becoming increasingly important as the Free World international market becomes more integrated and more competitive. Overall, about 70 percent of US foreign aid is spent on purchases of American goods and services. An example of this is the fact that Third World countries purchase about one-half of American exports of grains and cereals. In the overall agricultural sector, about 40 percent of total US exports are sold in the Third World.

Since World War II, US foreign aid has helped many countries modernize their economies and become productive participants in the Free World international economy. Prime examples are Mexico, Brazil, Taiwan, and the Republic of Korea. As these once backward nations increased their productivity they have helped to raise the overall living standard of the Free World. Of course, as they have become more competitive, certain less efficient sectors of our economy have experienced a downturn. However, if all countries abide by relatively free trading practices as specified in the General Agreement on Tariffs and Trade, the total prosperity of the Free World is bound to increase with increased productivity.

Compared to other types of spending, the U.S. foreign aid program is relatively modest and accounts for less than two cents of each budget dollar spent. On a per capita basis, the United States ranks 13th in the list of foreign aid donors, giving $40 per capita annually while the leader (Norway) gives $191. The U.S. foreign aid program has declined by about 20% since 1970. Then, it accounted for 38% of total worldwide development aid; by 1982 it had dropped to 20% of the total.

In recent years, Congressional budget cuts and Gramm-Rudman-Hollings reductions have trimmed Administration requests for foreign aid by up to 20 percent. Since Congress also "fences" aid for a few designated countries like Israel and Egypt, cuts imposed on aid programs for other countries go far beyond 20 percent--ranging up to 50 percent. Such massive reductions seriously interfere with the effective conduct of U.S. foreign policy. For example, they limit aid to help sustain emerging democracy in the Philippines, undercut long-term U.S. commitments to encourage democracy in Central America, and imperil U.S. military base agreements with Portugal and Spain. The savings achieved by drastic foreign aid cuts are insignificant when measured against the approximately $1,000 billion U.S. budget, yet they have a profound and lasting impact by further reducing U.S. reliability as an ally.

Of particular concern have been the recent significant reductions in US foreign aid to key countries which provide base rights to the US armed forces. Such bases are a vital part of US forward defense in conjunction with the North Atlantic Treaty Organization and our other allies. Although US foreign aid to the base rights countries is not considered as "rent" for the bases, the Administration, like its predecessors, has pledged to make a "best effort" to persuade Congress to appropriate specified levels of foreign aid over a specified time span. The following table shows the relative magnitude of such cutbacks. Eventually, such reductions are going to reduce or eliminate access to vital foreign bases, at great peril to our national security.

It is particularly important not to undo progress toward democracy in Central America through unfocused budget cutting. U.S. diplomacy and foreign aid have been instrumental in helping democracy take root in Central America during the last few years. Now, Nicaragua is the only non-democratic regime in Central America. Since 1984, the United States has made a long-term commitment to assist democracy in Central America through the Jackson Plan, which resulted from the deliberations of the National Bipartisan Commission on Central America. To date, appropriations have fallen half a billion dollars below projected Jackson Plan funding. Any further reductions will seriously disrupt the entire program.

The Philippines are another area meriting priority action. President Acquino has clearly stated the Philippines' need for increased foreign aid to help restore economic growth and combat the growing communist emergency. U.S. strategic capabilities in the Western Pacific demand very heavily on continued access to Clark Air Base and Subic Bay Naval Base. Additionally, the United States has strong ties with the Philippines stemming from the colonial era and World War II. Increased aid to support emerging democracy in the Philippines is essential. Especially important is military aid to assist the Philippines armed forces to become capable of defeating the increasingly active communist insurgency.

In its 1983 report to the President, the bipartisan Carlucci Commission (Commission on Security and Economic Assistance), which involved significant Congressional input, concluded: "On balance....U.S. assistance programs make an indispensable contribution to achieving foreign policy objectives." The American Legion warmly embraces that position and encourages Congress and the Administration to join in a bipartisan effort to achieve U.S. foreign policy goals through a strong and well-administered foreign aid program.

US Foreign Aid Cutbacks to
Key Base Rights Countries

Country	US "Best Effort Pledge	1988 (Request) Actual	1989 Request	Average Percent Cutback
Pakistan	670	(540) 480	490	28
Turkey	800*	(910) 522	620	29
Greece	500	(435) 343	350	31
Portugal	205	(205) 115	161	33

* No formal Administration pledge given.

Source: Adapted from Congressional Quarterly, February 27, 1988, p. 495.

TESTIMONY FOR FOREIGN OPERATIONS SUBCOMMITTEE RE MILITARY AID TO CENTRAL AMERICA

submitted to the
Subcommittee on Foreign Operations, U.S. Senate
June 14, 1988

Mr. Chairman, church offices in Washington, DC welcome this opportunity to share our views on foreign assistance to Central America for Fiscal Year 1989. We are the following institutions:

United Church of Christ, Office for Church in Society
American Baptist Churches, USA, Office of Governmental Relations
NETWORK, a Catholic Social Justice Lobby
Jesuit Social Ministries, National Office
Mennonite Central Committee
Church of the Brethren, Washington Office
Unitarian Universalist Association
Friends Committee on National Legislation
Church Women United

We are concerned about the high levels of military assistance to the countries of El Salvador, Honduras, and Guatemala, along with trends in aid to Costa Rica as well as to the contras in Nicaragua. Church people in the US are challenged by our partner religious organizations and people in Central America to be faithful to the gospel and to promote peace. We recognize the voices which come from the region, calling for a reduction of outside military aid.

In September 1987, the Latin American Council of Churches and the National Council of Churches of Christ in the USA joined in a call to affirm the Esquipulas II peace agreement and to criticize those countries and governments that support violence by means of arms sales, military aid, or other methods destined to continue the conflict.

Also, in September 1987, a group of over 20 Central American Christian organizations, seminaries, and Roman Catholic religious orders met in Costa Rica to issue a "Call to Christian Responsibility for Peace" which stated that "All military powers outside the region have the moral obligation to respect the agreement of Guatemala (Esquipulas II) and suspend all military assistance in the area. This is the clear feeling of our peoples and the hope of those sectors of the population who have suffered the most."

Most recently, on April 15, 1988, Central American leaders of the Catholic church urged the United States and the Soviet Union to halt all arms shipments to the region (*Washington Post*, April 17, 1988).

Thus we come here today to share religious voices and human rights concerns from the region. We also come to support several legislative initiatives which reduce military aid to region while effectively supporting US national interests. These initiatives focus on:

- blocking training to the repressive police forces in Central America
- changing the 3-1 ratio that exists between security and development assistance to Central America, especially El Salvador
- conditioning aid to the so-called democracies on the basis of greater human rights compliance and stronger certification standards
- providing incentives in the aid packages which encourage the Central American governments and local guerilla movements to undertake negotiations in good faith.

In El Salvador, over $2 billion US aid has been disbursed since 1981, to the point where in FY 1987, US aid to El Salvador exceeded the total of El Salvador's own budget. The November 1987 report *Bankrolling Failure* by the Arms Control and Foreign Policy Caucus chronicles the Salvadoran government corruption and the stalemated war. Indeed on March 6, 1988 the *New York Times* reported that a Christian Democrat candidate is suspected in the misuse of $2 million in US aid.

Continuing human rights violations also concern us. In testimony before the Subcommittee on Foreign Operations of the House of Representatives, Mr. Aryeh Neier, Vice Chairman of Americas Watch stated that in 1987 the human rights monitoring office of the Archdiocese of San Salvador reported 24 death squad killings, 60 targeted killings by armed forces or civil defense, 12 deaths during indiscriminate military attacks by the army, 29 killings by the guerrillas, 29 deaths from land mines believed attributable to the guerrillas and an estimated 280 deaths due to military operations by the armed forces where the majority of the victims were probably civilians. Most notable was the assassination of Herbert Anaya Sanabria, head of the nongovernmental Human Rights Commission, on October 26. On Feb. 8, 1988, the *Washington Post* reported that Salvadoran troops were accused of torturing and killing three villagers outside of San Salvador. On May 11 gunmen killed a military judge presiding over a benchmark case involving rightist military officers suspected of death-squad activity.

The recent electoral victory of the right-wing ARENA party paints an ominous future, considering that party's historical ties to the military in El Salvador. There appears to be a resurgence of death squad activity in El Salvador; in the first four months of this year, 21 political killings occurred (*Washington Post*, June 12, 1988). Training of the repressive Salvadoran police forces continues with US assistance, although there is little evidence of improved police accountability and judicial reform through previous aid. While Congress declined to renew the section 660(d) waiver in 1987, police money remains in the aid pipeline and training teams remain in place in San Salvador. Other police aid has been extended through the Criminal Investigation and Training Assistance Program (ICITAP) and Anti-Terrorism Assistance (ATA).

To address these concerns we of the church community would call for a halt in US military aid to El Salvador. We recall the words of assassinated Archbishop Oscar Romero, who in a February 1980 letter to then-President Carter, stated: "I urge you to prohibit all military assistance to the Salvadoran government and to guarantee that your government will not intervene.....to influence the direction of the destiny of the Salvadoran people." According to the Arms Control and Foreign Policy Caucus report, *Bankrolling Failure*, three dollars of US aid were devoted to the war and its effects in 1987 for every one dollar used to address its roots causes. Clearly, ESF funds are also being used for the war effort in El Salvador, so that in any serious change of US aid policy, ESF and military funds must both be halted. Given that Congress is unlikely to take this ideal action immediately, there are intermediate legislative possibilities which can be seen as first steps in the process of cutting military aid to El Salvador. We ask:

- that Congress mandate more stringent human rights conditions in the certification process before granting aid
- that Congress block current funding in the pipeline and additional funding of training for the Salvadoran police
- that Congress support legislation following the guidelines of the *Bankrolling Failure* report, such as a) changing the 3-1 ratio of military to economic aid and b) conditioning military aid on efforts to resolve the crisis through a negotiated political settlement.

We support H CON RES 277 which ensures that US assistance will be used primarily for humanitarian relief. We hope that similar legislation will be introduced in the Senate.

Congress should also provide incentives to bring both sides in the conflict to the negotiating table. We are encouraged by the recommendations of Senator Hatfield to withhold 50% of the aid to El Salvador until the government negotiates in good faith with the FMLN (Frente Farabundo Marti de Liberacion Nacional) guerillas.

In **Honduras**, there has been a five-fold increase in US assistance between 1980 and 1987, with the composition of this aid shifting from development assistance to Economic Support Funds and military assistance. Capital flight from the country during 1980-87 is near $3 billion, and corruption of US aid is also rampant. In March 1987, then Vice-President Jaime Rosenthal alleged that as much as 30-50% of US assistance had been stolen or wasted.

Growing human rights violations in Honduras concern us. According to the Committee for the Defense of Human Rights in Honduras (CODEH), in 1987 there were 263 extrajudicial executions, 16 disappearances, 356 illegal arrests, and 83 cases of tortures. Particularly disturbing has been 1) the involvement of the Honduran Police Forces (FSP) in the large majority of these violations and 2) the involvement of the contras in growing death squad activity linked to the secret Batallion 316.

The Honduran government is the first government to be accused of human rights violations before the Inter-American Court of Human Rights of the Organization of American States in a case related to the disappearance of four people in 1982. Three witnesses for the prosecution, Sgt. Jose Isaias Villorio, Prof. Miguel Angel Pavon, and Mr. Alfredo Landaverde, were assassinated, reportedly with death-squad involvement, in January 1988.

Police training to Honduras continues through the ICITAP program and anti-terrorism assistance (ATA). Officers participating in these programs are not screened by either the State Department or the Department of Justice. The Honduran police forces (FSP) remain accountable to the Armed Forces, not the civilian government. In November 1987, the Honduran police forces held their first national convention, with the assistance of Salvadoran and Chilean police officials.

Recent riots and mob attack on the US Embassy on April 7, related to the arrest of drug-trafficker Juan Ramon Matta Ballesteros, could serve as a pretext for increased militarization in Honduras. The repressive ex-Chief of the Armed Forces, Gustavo Alvarez Martinez, has returned to Honduras. A new death squad, AAA (Alliance of Anti-Communist Action) was formed following the riots, and it has issued death sentences for 23 people.

We are also concerned that high Honduran military officials linked to drug trafficking and human rights violations are still free from prosecution. According to Honduran newspapers, the *Los Angeles Times*, and the *New York Times*, high-level Honduran military officials are involved in drug trafficking. On April 8, the Honduran press reported that Assistant Secretary of State Elliot Abrahms sent a memo to President Azcona demanding the capture of Juan Ramon Matta Ballesteros in exchange for not revealing the names of other military personnel involved in drugs and for releasing withheld disbursements of AID funds. We question the wisdom of this manner of conducting foreign policy which breaks international law, since Honduras has no extradition treaty with the US, and allows guilty military officers to go free.

In March 1986, human rights advocate Miguel Angel Pavon told a visiting North American delegation: "Don't give us aid to learn how to kill. Give us aid to learn how to grow food." Again, we would urge a halt in security assistance to Honduras which has contributed to the militarization of this country. Realizing the limits of these steps in Congress, we would suggest that immediate actions include:

- that Congress block all further police training to Honduras
- that Congress withhold a substantial amount of military aid to Honduras pending certification that members of the leadership of the Honduran Armed Forces are not involved in drug-trafficking
- that the Foreign Aid Appropriations include a provision that the Honduran government must comply with the findings of the Inter-American Human Rights Court
- that this Committee change the provision relating to the US Embassy Annex damage in the FY 1989 Foreign Aid Appropriations Bill passed by the House of Representatives. This provision withholds $2.5 million of the $85 million ESF money earmarked for Honduras. We recommend that this money be withheld from military assistance.

In **Guatemala**, US military and economic aid has increased eight-fold since 1985 and the election of the civilian President Vinicio Cerezo. Despite continued de-facto control of the country by the Guatemalan military, increased levels of US military aid and even military construction funds are projected for FY 1989. Guatemala is plagued by the common problems of capital flight, debt servicing, and corruption. And US aid has not adequately addressed the issue of land reform in the country with the most unequal land distribution in Latin America.

Flagrant human rights abuses continue in Guatemala, particularly in the highlands. The armed forces have resettled 60,000 to 70,000 Guatemalans in 33 military-controlled "model villages." Approximately 600,000 men and boys are forced to participate in unpaid civil patrol service for the Army. In a 1987 report Amnesty International stated that it continues to receive reports of the finding of unidentified, tortured corpses, disappearances, and individual "death-squad killings". The Guatemalan Human Rights Commission estimates that there were 427 killings and 112 disappearances in 1987. Letters from Catholic lay leaders in the province of Ixcan describe the continued army repression:

> "..The offensive continues, and the Guatemalan army continues being in our area, bombing us, and machine-gunning us...the government with its army continues following after us more than wild animals. We have not robbed the government. On the contrary, they have burned our corn and destroyed our crops...."

The recent coup attempt on May 11 demonstrates growing discontent among right-wing sector of the military and the oligarchy in Guatemala. Yet it is doubtful that more military aid will enable the civilian government to stabilize the situation. The nearly $7 million in US military aid to Guatemala last year (an amount greater than the Administration's original request) did not enable the civilian government to regain real control of power from the military. As leverage to promote greater human rights adherence, military aid should be withheld.

To begin to address these problems, we suggest the following legislative strategies:

- that Congress withhold military assistance from Guatemala. As a method to begin cutting this aid, Americas Watch has recommended that at the very least year military aid should be made conditional upon the Cerezo government's disbanding of the coercive civil patrols, ending the forced resettlement of displaced person in military-controlled model villages, and investigating and prosecuting military for human rights crimes
- that Congress block attempts for new or reprogrammed police training assistance to Guatemala, including police training in the US
- that Congress condition aid to Guatemala on the government's beginning negotiations with the rebel forces of the country.

In **Costa Rica**, US aid has skyrocketed during the last six years. Most of this increased aid was balance-of-payments support to help Costa Rica make its debt payments and maintain import levels. Security assistance, ESF, and military aid funds, dwarf the amount allocated for development assistance. Yet Costa Rica continues to suffer an economic decline, with standards of living below their 1980 levels.

Through US military aid, the Costa Rican Civil Guard and the Rural Guard have received training. We are concerned that these guards are being molded into an effective military force in Costa Rica, a country which abolished its army with only police forces remaining.

We are encouraged by the efforts of Costa Rican President Oscar Arias to promote peace in Central America. Recent delays in the disbursement of aid funds following President Arias' efforts to negotiate peace in Nicaragua are a sign that the Administration is using aid as a weapon. We urge the US Congress to respect Costa Rica's position of neutrality in the conflict and to not use bilateral aid as a means to force Costa Rica to abandon this neutrality.

In **Nicaragua**, no US bilateral assistance has been granted since 1981. In numerous debates, we have voiced our opposition to aid to the contras in Nicaragua. Relevant to the Foreign Aid legislation before you, we would urge you to not support any amendments which would allow funding to the contras in military terms or in permitting the CIA to become involved again in intelligence assistance to the contras.

We have noted that the Foreign Aid FY 1989 legislation passed in the House of Representatives includes a provision to fund $1 million to the National Endowment for Democracy for the "promotion of democracy in Nicaragua." The NED is not a politically neutral organization well-equipped to channel this aid, as demonstrated by past NED involvement with corrupt and biased unions in Chile and France. We urge you to re-examine the wisdom of this $1 million funding, in light of the Sapoa agreement which calls for guarantees of elections and contra incorporation into political life but makes no call for funding to this.

Finally, while steps towards peace are advancing in Nicaragua, we call upon you to review the larger war that the US government has conducted against Nicaragua. In steps to normalize US relations with Nicaragua, we urge you to support efforts towards:

- resuming bilateral talks with the government of Nicaragua; these talks might focus on outstanding security and economic issues
- assisting, in partnership with the Esquipulas II agreement, with the resettlement and relocation of contra forces and their families, especially for those forces located inside Honduras
- lifting the US trade embargo against Nicaragua, allowing those enterprises which wish to business in Nicaragua to do so.
- cease blocking from consideration loans to Nicaragua which are pending on the agendas of the multi-lateral development banks.

CONCLUSION

It is our hope that in considering the FY89 foreign aid requests, the Senate will examine the voices of church people from the Central America region and the United States. These voices have consistently called for an end to the militarization of the region. Indigenous peace efforts, such as Esquipulas II and the Sapoa accord, have also called for an end to aid to irregular forces and a resumption of the Contadora negotiations, in which all the five governments have agreed to cut their foreign military ties.

Efforts must be made by the United States to reduce the militarization of Central America. For all of the countries of the region, we urge a halt in US military assistance. Recognizing the limits within Congress must operate, we suggest that you target initiatives focusing on:

- blocking police training
- reducing the 3-1 ratio that exists between security and development assistance, particularly

in the case of El Salvador

- ensuring greater human rights compliance by the governments of the countries receiving US assistance
- encouraging negotiations between the Central American governments and guerilla forces.

We thank you for your concern for peace in Central America.

TESTIMONY SUBMITTED BY
PLANNED PARENTHOOD FEDERATION OF AMERICA, INC.

Thank you, Mr. Chairman. I am Faye Wattleton, president of Planned Parenthood Federation of America, (PPFA) — the national umbrella organization for 183 local, community-based Planned Parenthoods providing reproductive health services and advocacy in 46 states plus the District of Columbia.

I am appearing today on behalf of more than 20,000 volunteers and staff who operate 761 medical centers in this country, our hundreds of thousands of donors and supporters, and the more than two million men and women who are served each year by our clinics. Planned Parenthood's commitment to insuring access to voluntary family planning services dates back 70 years in this country. We believe that women and families everywhere — in the developing world as much as in the United States — need to be able to determine for themselves whether and when to have children. PPFA established an international division in 1971, Family Planning International Assistance (FPIA), at the urging of the U.S. Agency for International Development (AID), to translate this principle into practice. Last year, FPIA assisted 137 family planning programs in 41 developing countries, providing contraceptive services to some 1.4 million people, and served over 3 million others through its commodities distribution program.

It is regrettable that the fiscal policies and priorities of this Administration have created the budgetary chaos that is eroding the foreign aid program, and humanitarian assistance in particular. Only seven years ago, development assistance constituted 49 percent of total foreign aid spending, with the rest reserved for military aid. Today only 36 percent is devoted to development programs.

Population assistance has long been recognized as an essential component of any development strategy in the developing world. Accordingly, Congress until recently increased appropriations levels each year, reaching a peak of $290 million in FY 1985. U.S. leadership, through its resources, technical assistance, and policy guidance, has fostered greater understanding of population problems in the developing countries themselves, creating greater demand for aid. This is especially true in sub-saharan Africa. In the last decade, policies to lower population growth rates have been adopted by more than 40 developing countries, comprising more than 75 percent of the total population of the developing world. Most are seeking help in implementing these policies through family planning programs, training and technical assistance. Yet, while more and more such requests for aid are made, appropriations have dramatically dropped since FY 1985 to about $230 million in FY 1988.

We can only approximate the amount of support for population aid in the current fiscal year because of the uncertainties in the allocations under the Development Fund for Africa. As you know, Mr. Chairman, Congress appropriated $230 million for population this year but taxed it $32 million to contribute to the creation of the new Fund. At the same time, $500 million was designated for Africa with the requirement that at least ten percent, or $50 million, go toward voluntary family planning activities there. The Agency for International Development (AID) is not constrained to meet the ten percent mandate for family planning only from Africa Fund monies. Rather, AID may be applying some central office population program funds toward the ten percent target, diminishing an already severely cut central office account from which most of AID's most creative and effective population and family planning programs are supported. That means that a portion of the $32 million transferred from the population to the Africa account is to be used at AID's discretion within Africa - and it may not be used for family planning.

Simply put, while we are grateful that Congress has highlighted the importance of family planning as a component of the Development Fund for Africa by creating the ten percent target, as was done for health and natural resources, we fear that even this arrangement will not provide any real accountability as long as AID is free to shuffle funds from the central office to meet the Africa Fund requirement.

In addition to the problem with the Development Fund for Africa, other budget pressures are likely to limit the availability of population assistance funds. The absence from the US population assistance program of UNFPA and IPPF has coincided with the decreased availability of population funds thereby temporarily mitigating the effects of the cuts on other population programs. In the event the next Administration restores funding to these agencies, the reduction in population funding will be acutely felt throughout the population assistance community. This, coupled with continuing pressures to reduce the budget deficit, prompts us to urge the subcommittee to increase the population account by at least $30 million plus ten percent of the amount appropriated for the Development Fund for Africa to be expended on voluntary family planning programs in that region.

In addition to adequate funding, we hope the subcommittee will take action to help restore the integrity of a program that has been battered and besieged by the Administration and opponents of family planning in Congress. It is critical that the high quality of U.S.-supported family planning services overseas not be further compromised by either funding constraints or ideological directives.

Population Aid Benefits National Goals and Enhances Child Survival and Safe Motherhood

This subcommittee, and particularly you, Mr. Chairman, have consistently supported U.S. family planning efforts overseas. The role of the U.S. in international population efforts has never been more critical, especially in view of recently-released UN demographic estimates that the world's population reached 5 billion just last year. Continued U.S. involvement in population programs is not only a vital component in a range of humanitarian programs, but it is clearly in the national security interest of the United States. In 1986, the Vice President's Task Force on Combatting Terrorism issued a report which included the "profile of a terrorist." It noted that "fully 60 percent of the Third World population is under 20 years of age; half are 15 years or less. These population pressures create a volatile mixture of youthful aspirations that, when coupled with economic and political frustrations, help form a large pool of potential terrorists." It is indisputable that where explosive population growth far exceeds a country's economic development, political instability is likely to result.

Numerous examples illustrate the dramatic success of population and family planning programs in lowering birth rates in individual countries. In Mexico, AID support through nongovernmental organizations has enabled the Mexican government to aggressively pursue an extensive family planning outreach program. In 1973, Mexico's population was growing at 3.3 percent per year, doubling in 21 years. By the early 1980's, contraceptive prevalence having quadrupled to 42 percent, the growth rate dropped to 2.6 percent. This still means, however, that Mexico's population of 78 million will double in 26 years.

Continued AID support will be critical in order to provide family planning services in remote areas and to disseminate information to younger couples before they begin their childbearing. These activities are crucial to the Mexican program's further progress. There are many similar reports from other regions of the developing world, illustrating productive partnerships among governments and with private, voluntary organizations such as FPIA.

Ultimately, however, population assistance mostly comes down to the delivery of voluntary family planning services. Individual women and families can reap their own personal benefits from these services totally apart from their governments' development goals.

Child survival has become the focus of significant efforts in international health. Indeed, dramatic improvements in infant mortality have been achieved through immunization and oral rehydration therapy. Family planning must also be acknowledged as a key component in any child survival strategy. Recent studies in Bangladesh show that family planning programs in that country have had as great an impact on child survival as have all other child health interventions combined. According to a study reported by Johns Hopkins University, half of the estimated 10.5 million infant deaths that occur annually in developing countries could be avoided if women used family planning to space births, to have smaller families and to avoid high risk pregnancies.

In recognition of the great contribution birth spacing can make to child survival, and in response to AID's inexplicable disinterest in this essential child survival strategy, this subcommittee directed AID to allocate some portion of its appropriation for child survival to birth spacing programs as described in the authorizing legislation. We applaud your commitment to a truly comprehensive and effective child survival program, Mr. Chairman, and we express our hope that you will hold AID accountable to congressional intent in this area by allocating 10% of the Child Survival Fund for child spacing activities as recommended in the House-passed bill.

Similarly, discreet programs to encourage breastfeeding from the time of birth are essential to both infant and maternal health. The beneficial effects on infant health are well known. What is less well known is the impact on birth spacing and, consequently, on the health of mothers. In sub-saharan Africa, it is estimated that breastfeeding inhibits about four births per woman. (In Kenya, for example, the average number of births per woman is eight.) Indeed, it is believed that throughout the developing world where huge numbers of women still have limited access to contraception, breastfeeding prevents more births than all other methods combined. The results is that more mothers and children survive and have healthier starts.

Greater and more effective use of family planning services would significantly enhance maternal health in the Third World. Based on World Fertility Survey data, it has been estimated that if all women who say they want no more children and are not currently using effective contraception avoided all future births, about one-third of all maternal deaths now occurring in Africa, Asia and Latin America could be prevented. And if more mothers survived, more children would, too. It is not surprising to learn that in Bangladesh, for example, a child whose mother had died also has a 95 percent chance of dying before his first birthday. Child survival and safe motherhood are integrally linked.

Integrity of U.S.-supported Family Planning Services in Developing Countries in Jeopardy

The international population program is in some ways a victim of its own success. It has helped create a demand for family planning aid that it cannot meet. Overall U.S. budgetary constraints are regrettably exacting a large share from development assistance, population included. The impact is, devastating - even, as we discussed earlier, life-threatening. If this were the only burden the program must bear it would be difficult enough. Compounding an already critical problem of adequate resources, however, is that the program must operate under ideological constraints that undermine the program's effectiveness.

First, the administration in January, 1985 defunded the IPPF - the world's largest provider of primary health care services. On top of that, since FY 1985, the U.S. has not contributed to the UNFPA, the world's largest multilateral organization providing voluntary population and family planning assistance to developing countries. The administration tried, but failed, to abridge its own long-standing policy of informed consent regarding contraceptive choices. Thanks to your leadership, Mr. Chairman, and the support of this subcommittee, organizations promoting natural family planning are still eligible for international population aid as long as their potential clients are assured of receiving complete and accurate information about and referral for all other available methods of family planning. We are pleased that the House-passed version of the FAA reauthorization bill contains language taken from the continuing appropriations resolution of the last three years requiring informed consent. Until it becomes enacted into permanent law, however, we urge you to retain that provision in the annual appropriations for foreign operations.

I would like to address the "Mexico City" policy in more detail because it directly involves PPFA's own overseas family planning program, because there have been some developments in our legal challenge to the policy since we last testified before you, and some political developments as well. As you know, the policy was first enunciated by the Administration at the International Conference on Population in Mexico City in 1984. It prohibits the transfer of any U.S. population assistance to any foreign nongovernmental organization that with its own funds provides any information about or services related to abortion. Foreign governments, on the other hand, are exempt from the policy.

Some U.S.-based international family planning organizations have acceded to this condition although all have done so under protest, including IPPF's Western Hemisphere Region. Since IPPF-WHR provides services throughout Latin America where abortion is largely illegal, this organization is less encumbered by the policy than if it were working elsewhere. There are about 65 developing countries, however, where abortion is legal under circumstances broader than permitted under the policy. These countries have a combined population of 1.57 billion people - almost one-third of the world's total population. In these countries, as in the U.S., withholding information from a woman facing an unintended pregnancy about one of her legal medical options is an egregious violation of medical ethics. Indeed, this is the reason that

PPFA cannot and will not agree to accept AID population assistance so long as the Mexico City policy is enforced against it.

Although our longstanding cooperating agreement with AID expired on December 31, 1987, the U.S. Court of Appeals for the Second Circuit has ruled that our challenge to the policy on constitutional grounds must be reviewed by the Federal District Court for the Southern District of New York on its merits. In the meantime, the appeals court has ordered AID to continue funding FPIA at approximately the same level as last year, without imposition of the Mexico City policy, at least through the end of 1988 pending the outcome of the litigation. The lower court judge had earlier dismissed the case, agreeing with the Justice Department that this issue was essentially political and that the courts should not interfere. The appeals court overruled that assessment, declaring that the judiciary "cannot shirk its constitutional responsibilities, merely because a decision may have significant political overtones."

PPFA is uniquely situated as the only provider of federally subsidized family planning services both in the U.S. and the developing world. The Administration is now attempting to make its family planning policy "consistent" by seeking to apply the unethical policy it has applied to the overseas program to the delivery of family planning services here under Title X of the Public Health Service Act. Even before the Title X regulations were enjoined by three different federal courts, though, former AID Administrator M. Peter McPherson conceded to Congress that the policy would be unconstitutional if implemented in the U.S. - that the only reason the administration can "get away with it" overseas, so to speak is that (it believes) it is less encumbered by the U.S. Constitution under the foreign aid program.

It should be clear by now that the domestic version of the Mexico City policy will never pass legal muster. There was an immediate outcry against the Title X regulations by 36 states, 78 national organizations and 148 members of Congress. Yet, Congress seems willing to tolerate the exact same policy as it affects women in developing countries. PPFA refuses to participate in a politically-inspired two-tiered system of care - one which would relegate women overseas to a lower standard than U.S. law and medical ethics assure for American women.

On March 29, Reps. Chester Atkins (D-MA.) and Olympia Snowe (R-ME.), now joined by 70 other members of the House, sponsored the "Family Planning Protection Act," H.R. 4270. The Atkins-Snowe bill would amend the FAA to require that women relying on U.S.-supported family planning services overseas are guaranteed the same quality of care that American women receive. As Reps. Atkins and Snowe have indicated, whether a woman lives "in Maine, Massachusetts or Malawi" she is entitled to equal respect and ethical treatment in U.S.-supported programs. Fifty-three national organizations have strongly endorsed this bill (list attached).

PPFA strongly supports this bill and urges this subcommittee to seriously consider it as you make your decisions about the FY 1989 population assistance program. The bill's primary sponsors are members of the House Foreign Affairs Committee and are working to address the issue through the authorizing process. The reality is, Mr. Chairman, that it appears doubtful that there will be a reauthorization bill enacted this year. Therefore, as last year, we look to you for leadership in restoring the integrity of the increasingly debilitated international population program.

Recommendations

Mr. Chairman, we urge you and the subcommittee to seriously weigh the concerns I have laid out today, and to take steps to limit AID's destructive activities.

— We urge you to increase the population account by at least $30 million and be as generous as the difficult budget situation allows in funding all of the other humanitarian assistance accounts this year. Further cuts would be disastrous.

— We urge you to allocate ten percent of the monies appropriated to the Development Fund for Africa to be spent on voluntary family planning activities in that region.

— We urge you to once again include language preventing AID from funding family planning projects that fail to abide by the "informed consent" provision. We are pleased to note that the full House has included similar language into its version of the foreign operations bill and the foreign aid authorization, but until it actually becomes law, it is important that the appropriations language which has been in place these past two years remain in place.

— We urge you to revisit the issue of coercion intelligently, recognizing that cutting off all funds to UNFPA because of its limited involvement in China, is to endanger the UNFPA programs in 133 countries, many of them countries where USAID has nothing at all. (For example, UNFPA has programs in 43 African countries, while AID works in only a handful.) Obviously, no U.S. funds should go to organizations that themselves employ coercive measures, but neither should opponents of family planning be allowed to disrupt and destroy sound and effective voluntary family planning programs by cutting off AID support.

— Finally, we urge you to instruct AID to revert to its traditional interpretation of the Helms Amendment, and to block AID from imposing restrictions on private voluntary organizations operating family planning services abroad that would be unconstitutional and medically unacceptable in this country. We do not seek at this time to alter the underlying Helms Amendment restrictions on the use of U.S. funds for abortion, but neither should private organizations — in this country or abroad — be restricted in their lawful use of their own private resources as a condition of obtaining AID funds. We ask you to adopt language to repeal the Mexico City policy.

June 14, 1988

ORGANIZATIONS ENDORSING THE ATKINS/SNOWE BILL (H.R. 4270)

Alan Guttmacher Institute
American Association of University Women
American Baptist Churches U.S.A.
American Civil Liberties Union
American College of Obstetricians and Gynecologists
American Jewish Committee
American Jewish Congress
American Medical Student Associattion
American Psychiatric Association
American Psychological Association
American Public Health Association
Americans for Democratic Action
Association for Voluntary Surgical Contraception
B'nai B'rith Women
Catholics for A Free Choice
Center for Development and Population Activities
Center for Population and Family Health of Columbia Univ.
Center for Population Options
Environmental Policy Institute
Episcopal Women's Caucus
Friends Committee on National Legislation
International Planned Parenthood Federation-Western Hemisphere Region
International Women's Health Coalition
Lutheran Office for Governmental Affairs, Evangelical Lutheran Church in America
NAACOG: The Organization for Obstetric, Gynecologic, and Neo-Natal Nurses
National Abortion Rights Action League
National Audubon Society-Population Program
National Council for International Health
National Council of Jewish Women
National Council of Negro Women
National Family Planning and Reproductive Health Association
National Federation of Business and Professional Women's Clubs Inc. (BPW-USA)
National Wildlife Federation
National Women's Political Caucus
Natural Resources Defense Council
OEF - International
The Pathfinder Fund
Planned Parenthood Federation of America
The Population Council
Population Crisis Committee
Population-Environment Balance
Population Institute
Presbyterian Church USA - Washington Office
Program for the Introduction and Adaptation of Contraceptive Technology
Religious Coalition for Abortion Rights
Sierra Club
Union of American Hebrew Congregations
Unitarian Universalist Association of Churches in North America
United Church of Christ, Office for Church and Society
United Methodist Church, General Board of Church and Society Department of Human Welfare
U.S. Conference of Local Health Officers
Women's Legal Defense Fund
Worldwatch Institute
Zero Population Growth

53 Total